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29 April 1983

NEAR EAST/SOUTH ASIA REPORT

No. 2745

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EGYPT

TRAVEL REGULATIONS FOR EGYPTIANS WORKING ABROAD RELAXED

Cairo AL-AHRAM in Arabic 25 Mar 83 p 6

[Article by Haytham Sa'd al-Din: "Travel for 130,000 Citizens Working Abroad Simplified; Documents Required for Travel in Different Cases Determined"]

[Text] Minister of Manpower Mr Sa'd Muhammad Ahmad announced that skills recruitment offices which were established in governorates have made it easier for 130,000 citizens to travel to work abroad. Instructions have been issued to the directors of these offices to prepare instruction posters identifying the documents that are required for travel in all cases and to post these posters outside these offices.

The minister of manpower stated that the skills recruitment offices identified the documents that were required from workers in seven cases as follows:

--A contractor who is in the country is to submit the original work contract. This is to be certified by the authorized embassy of the country where the contractor will work and by the Egyptian Ministry of Foreign Affairs. A copy of the contract is to be kept on file at the office along with [copies of] entry visas or permits showing that there are no objections to the individual working in Arab countries. In addition, a photograph is to be submitted. Contracts for work in Iraq, Jordan and Yemen should be certified by the duly qualified authorities in those countries and by our diplomatic missions in those countries.

--A contractor who is not in the country is to submit a clear copy of the work contract indicating the certifications and endorsements of duly qualified agencies and of our diplomatic missions in the country where he will work.

--Contracts that are made through employment offices, cultural attaches or government contracting committees at Arab embassies in Cairo: A preliminary contract certified by the embassy of the country in question and by the Egyptian Ministry of Foreign Affairs is to be submitted. A copy of that preliminary contract is also to be submitted.

--Renewal: A renewed contract or a certificate supporting such a renewal is to be submitted. These documents are to be issued by the employer abroad and certified by the duly qualified authorities and by our diplomatic mission in the country where the individual will work. The document that is submitted should indicate the renewal period that is required, and this applies to all Arab countries. If the citizen is [in the country] a photograph is to be submitted.

--Contract Renewals for Libya: A contract or a certificate of intent to renew a contract from the employer in Libya is to be submitted. This is to be certified by Libyan authorities. A copy of a valid residency card is to be submitted as well as a copy of an individual's travel and return visas. If the contract or certificate is submitted but not certified, a copy of the residency card and of the travel and return visa will suffice the first time.

The Case of an Individual Accompanying a Contractor for the First-Time: Government or public sector employees accompanying others who are traveling to work abroad are to submit a certified copy of an administrative decree issued by the employer authorizing the contractor to accept a temporary assignment or to go on leave. That administrative decree is to be valid for the required period, and it is to include the number and date of the approval document [issued by] the skills recruitment office. If the decree makes no reference to this approval, a copy of that approval, a photograph of the individual accompanying the contractor and [a copy of] the entry visa granted to him are to be attached.

Individuals who are not government or public sector employees and who are being accompanied by others when they travel to work abroad are to submit a clear copy of a work contract that is valid for the required period. They are to submit a copy of the work permit issued by the Ministry of the Interior allowing them to work for foreign agencies. That work permit should be valid for the required period. The letter of inquiry is to indicate that the contractor whom the applicant wishes to accompany does not work for the government or the public sector. In the absence of a work permit for the main contractor, the applicant's attention is to be called to the fact--and this applies to the first time--that his permit will not be renewed for another term unless he submits a copy of that document and a copy of the entry visa.

--Visits: A copy is to be submitted of the official document confirming the earnestness of the visit.

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IMPROVEMENTS IN PORT SA'ID OPERATIONS REPORTED

Cairo AL-AHRAM in Arabic 23 Mar 83 p 9

[Interview with Maj Gen Salah Shukri, Vice President of the Port Said Port Authority by Dalal al-'Atawi: "9 Million Dollars in Demurrage Saved at Port Said Port; Grain Shipments To Be Unloaded Automatically at a Capacity of 5,000 Tons Daily;" date and place of interview not provided]

[Text] In an interview with the vice president of the Port Said Port Authority, the vice president announced that the authority's budget had increased by 3 million pounds over the past 2 years. He said that the capacity of the port during the same period had grown 155 percent. Time saved in shipping [goods] and unloading ships was worth about 1.5 [million] dollars. Before that we used to pay demurrage charges. The vice president of the Port Authority said that total funds the authority saved for the state amount to 9 million dollars. He said that the automatic grain unloading project has been put into operation and that it is operating at a capacity of 5,000 tons per day.

AL-AHRAM's Economic Section confronted the vice president of the Port Authority with the charges that are being made against the Port Said Port Authority.

[Question] The Port Said Port Authority has been attacked many times, and it has been accused of inefficiency in the port even though it's been about 2 full years ago since the port authority was established. What is the reason for that?

[Answer] When the decision to establish the authority was issued and a president was appointed for it, the authority had no budget. It had no equipment, and it did not even have its own building.

Several agencies, like the Suez Canal Authority, managed the affairs of the port. The Suez Canal Authority was responsible for all naval operations and engineering operations including construction of piers and roads, sanitary drainage and electricity. Ongoing shipping and unloading operations were overseen by the operations room, which had no legal authorization to do so. In addition, there were employees who had no experience in maritime shipping.

A plan was drawn up; its purpose was to attempt to do away with demurrage charges, to save time for ships and improve service in the port. Such a plan would prevent stacking in the port of Port Said where stacking surcharges amounted to 12 percent of freight charges.

When the authority was formed, we were interested in expediting the establishment of its organizational structure, training its different cadres and then finding a place for doing business. The authority was able to provide what was needed for the organizational structure in record time.

The most notable achievement of the Port Said Port Authority is the fact that it doubled its target budget from 3.7 million pounds to 7.665 million pounds. This is a difference of 3 million pounds. The authority thus realized for the government a surplus of 4.296 million pounds. Thus, the productivity of each pound paid in wages amounted to 30 pounds, which is a high ratio.

[Question] But the Port Authority has turned into a collection agency instead of devoting its attention to improving operating efficiency in the port and co-ordinating the jurisdictions which are being disputed by public agencies in the port.

[Answer] We had to go to the trouble of collecting the rent and leasing the land. First, the land had to be reclaimed; then it had to be put to use. For many years this property was as though it were lost to the state. Showing an interest in revenues does not mean that we are neglecting other matters, particularly since we are now the only agency that is obligated to spend money on the port for the maintenance, improvement and development of its amenities. In this regard a period of transition should have been stipulated regarding the Suez Canal Authority not relinquishing its commitments to the port until resources for the authority were furnished.

The principal problem lies in the fact that the port is not listed on the list of Egyptian ports. The port in Port Said is considered a part and an extension of the Suez Canal in accordance with the law establishing the Suez Canal Authority.

Accordingly, the Port Said Port Authority is prohibited from collecting stacking fees and port fees which the Suez Canal Authority is collecting now. This creates duplication in jurisdiction in the region.

This does not mean that the law is flawed. Through its pilots the authority controls the entry and passage of ships through the canal. It is my understanding that this is imperative. However, good coordination is necessary; it is also necessary that we face up to our responsibility so we can attain the highest average [of fulfilling our responsibility].

[Question] What did the Port Authority achieve during these 2 years?

[Answer] The port of Port Said is designed to handle 2.17 million tons [of goods]. It is now able to handle 5.6 million tons. This is a 155 percent increase in 1982. Furthermore, there were no demurrage charges during that period, and the time that was saved [in unloading ships] was worth 1.5 million dollars. Demurrage charges, which in 1981 had amounted to 7.7 million dollars, have been completely eliminated.

Total savings for the state budget from demurrage charges only amounted to about 9 million dollars. Besides, reductions in freight charges became possible as a result of the fact that unloading rates for ships carrying wheat were raised from

2,000 tons a day to 3,000 tons a day. The stacking surcharge that is imposed on the port of Port Said was reduced from 12 percent to only 7 percent.

It was also possible to put the automatic grain project into operation at full capacity, which is 5,000 tons a day.

Construction of 14,000 square meters of storage area for food supplies and general merchandise has been completed. Another storage area, of 20,000 square meters for storing containers is under construction.

This is in addition to the most important project, which is the construction of a receiving pier for containers in Port Said.

[Question] The poor amenities in the port of Port Said and the lack of lighting is affecting the volume of work at the port. What do you plan to do about that?

[Answer] There is a plan that has already been considered to begin repairing and maintaining port amenities and the piers in the port immediately. We hope that having collected these fees for the state, the Ministry of Finance will approve the allocation of the funds we requested: about half a million pounds the first year.

It is a curious fact that lights fall under the jurisdiction of the Power Organization and the Suez Canal Authority which supplies the port with electricity.

[Question] What is the future for the port of Port Said after operations begin and ships carrying food supplies dock at the port in Damietta?

[Answer] The fact that there is a port in Damietta does not mean that that port will be competing with the port of Port Said. Egypt needs a large number of ports to receive the number of ships that come to it and to handle the volume of work in them. Feasibility studies which have been submitted confirm that all the wheat would go to the port of Damietta. After the new silo is built there will be 400,000 tons more corn coming into Port Said than what is coming into the port at the present time. That silo is being built by the Canal Shipping and Unloading Company.

Also after the container pier is built the port of Port Said will be more suitable for containers than the port of Damietta.

[Question] What are the problems that the Port Said Port Authority is facing? What is impeding the improvement of standards in the Port Authority?

[Answer] The lack of clear-cut jurisdiction over the port. This is a result of the fact that the Suez Canal Authority, for example, has some jurisdiction over the Port Said Port Authority. The Port Said Port Authority lacks the control which the Alexandria Port Authority has. All companies operating in the port consider the shipping, unloading and storage companies in the port, [to be theirs]. Accordingly, they exercise more control, and their decisions are binding and effective.

Maj Gen Salah Shukri is asking that the Suez Canal Authority help the Port Said Port Authority, at least during the period of transition, carry out maintenance work and develop the amenities in the port so that the authority's budget would not become overburdened, particularly since the Suez Canal Authority carries out all maritime activities and collects large revenues for that. In addition, the Suez Canal Authority has an industrial workshop and trained technical personnel.

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EGYPT

STATE SUPERVISION OF PROPER USE OF RECLAIMED LAND REQUESTED

Cairo AL-AHRAM in Arabic 24 Mar 83 p 9

[Article by Hasan Sallumah: "Measures To Prevent Reclaimed Land from Becoming Unproductive again and Put To Use in Non-Agricultural Activities; Adviser to the Ministry of Agriculture Says New Land Suffers from Surplus of Civil Servants, Shortage of Farmers; Stiff Competition Raised Price of a Reclaimed Feddan to 100,000 Pounds; State Supervision of Reclaimed Land Requested To Ensure Its Use for Agricultural Purposes"]

[Text] There is no doubt that the state is devoting considerable attention to land reclamation operations so that new land could be added to the cultivated area, the terrain of cultivated land in Egypt can be increased and the food citizens need can be provided.

However, there is a major danger facing reclaimed land at the present time and threatening to turn it once again to fallow land that would be used for purposes other than agricultural ones.

Dr 'Uthman al-Khuli, technical adviser for economic affairs at the Ministry of Agriculture says that the existence of a surplus number of graduates of agricultural institutes and administrative civil servants has placed a burden on reclaimed land. There is hidden unemployment among civil servants, while at the same time this land is suffering from a severe shortage in farm workers.

Dr al-Khuli added that the absence of coordination and integration in the land cultivation efforts and reclamation operations of various ministries created a shortage of principal services that must be made available. As a result, the production that had been hoped for from this land will not be realized. Many facilities have not yet been completed, and irrigation, power, drainage or housing services are still below the required standard. The state also uses this land to subsidize consumption in urban areas, as when the Ministry of Supply, for example, seized the grape crop in the university's vineyards so it can sell grapes to consumers at low cost in the government's grocery stores. The same thing applies to the state's subsidy of dairy companies and its subsidy of meat for the Egyptian consumer. All this is reflected on the total income of the land. In addition, we do not deny that agricultural management is inefficient for various considerations.

Ever since the late sixties and early seventies the state has been disposing of much of this land. It has been relieving itself of the burden of managing it, and it has been turning that land over to the private sector. The project began with farmers being transplanted from densely populated governorates; they were granted ownership of this land in accordance with the Agrarian Reform Law. The farmers were given between three and five feddans. This was done in numerous regions; it was done in Abis, for example, and in the area alongside Abis; it was done north of the Delta and east of the Delta. The state also leased some of this land in lots that were between three and five feddans. This was done in preparation of turning ownership of this land over to farmers.

In the mid seventies there was a change in policy. Land was to be given in lots of 30 feddans to graduates of agricultural institutes. One began to see land being sold at auction. Such land sales were not confined to the territory that was included in the 1960 reclamation program. It also included land that had never been cultivated, as is the case with the land at Kilometer 75 on the Desert Highway between Cairo and Alexandria. Sale of this land by auction in lots of 10 to 20 feddans was begun.

At the same time the ownership program was expanded to include graduates of higher institutes of learning and university graduates in all disciplines and not only in the agricultural discipline. Trends to grant some of the land owned by agricultural companies to the employees of these companies began to emerge. In fact, an agreement was also reached with the UN Organization for Agricultural Development in Rome to partition the automated farm in west al-Nubariyah and to grant ownership of this land to small farmers and university graduates.

In all cases land sold at auction brought in very high prices, especially land that is suitable for non-agricultural purposes. This indicates that there are intentions to use this land for speculative and non-agricultural purposes, especially land located in areas close to Alexandria. For example, the price of 1 feddan in some regions amounted to 100,000 pounds. Thus the nature of agricultural land will be changed, and it will be used for non-agricultural purposes.

It seems to me that the establishment of some cooperative societies to reclaim and sell land is only one way of speculating in agricultural land. But I have no objections to that. What is required, however, is that any area of land be used in projects that are purely productive. Therefore, the state must supervise this kind of land directly to ensure that it is put to use for agricultural production.

We must basically add this land to the volume of production. Selling 1 feddan for 100,000 pounds, letting the land lie fallow; and then using it for non-productive purposes will not make us happy at all.

It would be more useful to sell the feddan for less and [use the land] to add more products to the volume of production and increase national revenue.

Therefore, we must also be careful about selling this land at auction or giving it to some cooperative societies which are presumed to specialize in land reclamation and cultivation.

EGYPT

POPULAR DEVELOPMENT AGENCY SET UP

Cairo AL-AHRAM in Arabic 26 Mar 83 p 1

[Article: "Presidential Decree Sets Up Popular Development Agency; Young People, Graduates To Be Utilized To Increase Income and Raise Standard of Living"]

[Text] President Husni Mubarak issued a decree establishing the Popular Development Agency which will come under the jurisdiction of the minister of state for local government. The agency will prepare a popular development plan whose aim will be to mobilize spontaneous efforts in every governorate for the utilization of material and human resources, capabilities and energies, particularly among young people and graduates. This would increase national revenue, raise citizens' economic and social standard of living and provide citizens' needs in the context of the state's general plan. The plan is to include the priorities of programs and plans and it is to come up with financing sources by taking into account the deferred priorities of projects for food, housing and clothing.

The decree stipulates that the agency is to implement popular development projects that are approved by ministerial committees. It is to follow up on work schedules so as to achieve the plans and programs that are being aimed at. It is to suggest methods for coordinating popular development projects in different sectors, and it is to propose legislation and laws that would make achievement of the objectives of this development possible.

The agency is to form permanent or temporary committees from its workers and other experienced personnel. It is to communicate with all state agencies, public sector units and local government units to carry out the tasks with which it has been charged. These agencies are to assist the Popular Development Agency in carrying out the studies and research that are necessary for its work. The president of the agency is appointed by presidential decree. A sufficient number of employees are to be hired for the agency, and all necessary measures are to be taken to transfer employees who are presently working in the office of the minister of state for popular development to the agency. These employees are to have the same professional status when they are transferred. Appropriations necessary for the agency are to be allocated in the budget of the General Secretariat for Local Government.

Mr Sa'd Ma'mun indicated that a comprehensive survey of all popular development projects will be conducted so that the method of expediting their implementation can be studied and developed for use in all the governorates.

EDITORIALS CALL FOR DISSOLUTION OF REGULAR ARMY

Corruption in Army Condemned

Tripoli AL-JAMAHIRIYAH in Arabic 25 Mar 83 p 5

Article by Zahiyah Muhammad 'Ali

Text When the 1 September revolution burst forth in 1969, the masses went out into the streets, crying "Long live the army." At that time, they were not able to make an objective distinction between the repressive military institution with its special composition that monopolized the resources of power and the revolutionaries who were aware of this institution's resources and used them wisely in order to unleash the revolution. Because of the masses' inability to make this distinction, because of the fact that the army was in power in the period preceding the declaration of the power of the people, and because the historic leadership of the revolution consisted of military men, this institution, in addition to its own original resources, formed a strong immunity for itself, which it was difficult, if not impossible, to transcend or violate, since any contempt that was attached to this organization, embodied in its members, especially those of them who were "senior," could be interpreted as being attached to the people who in fact had launched the revolution itself - although the truth is that the military origins of the revolution were no justification for the exercise of corruption in the form of bribery, personal mediation, favoritism, and the open exercise of debauchery, or, most succinctly all the immoral forms of conduct which make the masses renounce all the values and principles the revolution has propounded. Although it is the rotten odors rising from this institution that prompt us to hasten decisively and seriously to speed up its dissolution and put an end to its existence, we must never at any moment forget that even if there were no corruption, treason or reaction within the military institution, its existence basically is not in keeping with the nature of the mass society in which monopolization - monopolization by a class or group of power, of the revolution, or of weapons - is ending. In accordance with this hypothesis, the army is a note of discord in the overall harmonious symphony that constitutes a distinctive smooth pattern in which there are no contradictions. This institution, which is monopolizing weapons, constitutes a threat to the people's power and the threat that the revolution will be overthrown at any moment, because in every attempt made against the authority of the people, the army has had a hand. The awareness of military resources, and the feeling on the part of people who have a monopoly on weapons that they are distinguished from other people because of this monopoly, has

prompted and always will prompt counterreaction and fascism to attempt to control the masses and subjugate them by the force of the arms they mobilize in their service and exploit in order to attain the greatest amount of advantages, especially for people with high ranks.

This is on the one hand. On the other, we will never forget the pyramidal composition of the military institution in which the freedom of man is suppressed and man is reconstituted in accordance with specific frozen forms which create a mechanical state of discipline and kill the spirit of innovation, brilliance or even the feeling of humanity and in which the human will to choose is murdered. The military man is forced to carry out any order from people who are of a higher rank than he is at any time, without the intervention of the principle of choice that respects man's freedom and existence as a human being. This blind unthinking submission to orders from above makes the matter of turning the military man in an opposite direction something that can happen at any moment. For this reason, proposing the hastening of the dissolution of this institution is not a matter that is being presented for discussion and dialogue, and it is not a matter of choice. The masses in the army have no choice of saying yes or no: this institution is a danger that is threatening the life and security of the masses. This institution, which is closed up within itself by virtue of its discordant structure, is, on the other hand, open to the society, in consideration of the fact that military people are in reality not separate from the society, did not come from Mars and did not descend from the heavens, and by virtue of the fact that by declaring the authority of the people and the application of the first and second chapters of the Green Book to be actual fact, we have managed to strip all exploitative and dominant powers of their material instruments in the political and economic contexts. However, there still is a class of military persons who are monopolizing weapons by proxy for the masses and every day are further proceeding to commit their errors, out of their belief that the army is the government, since it is through it that Mu'ammar al-Qadhafi managed to launch the revolution; since nothing is obtained easily except through officers in the army (starting with clothing, furniture and food from the military exchange, proceeding through contraband items smuggled from abroad into the jamahiriyyah, and ending with all the fascist practices from above which the military men exercise at the expense of the masses); and since the revolutionary committees, which are combined into a wornout, shabby organization, are what constitute the support for the officers of the army. We all know that military men are not alone in the field, and everyone bitterly wonders who constitutes the safety valve on the military man except for this badly shattered organization which did not proceed as a party in power to declare its goals directly in order to reach power and did not proceed as a strong mass organization founded on scientific bases to lead the masses to the exercise of power, but stood in the middle ground, rocked by crises from the left and the right which turned it in every direction. Once again we wonder, who is helping the members of the military smuggle in liquor and hashish and bring in prostitutes?

Who is preparing the appropriate climate for them to enjoy what God has made legitimate and what he has prohibited?

I can tell you that when the revolutionary committees commit their fatal mistakes, with the help of the military institution, this organization is also

advancing its own conspiracy through the members of the revolutionary organization, and the issue is not one that can be broken up into separate parts. The truth which must be told is that we are not serious in carrying out any program. People even massed together in front of the newsstands to buy the article "The Army Is Hashish and Recklessness," which the television service, the blaring trumpet of the government, was afraid of, and failed to broadcast, as was its custom, when it reviewed the editorial of the issue, (replacing it with another less harsh article and "letting it pass by," because every word in it contained a serious call for the exercise of revolution), until all the issues of the paper it was in were sold out.

This is what has smashed the badges, medals and stars of the military men to the ground. This is what has made the masses explode at them in anger against the institution of corruption and destruction. We do not want this article to become a form of diversion for the masses, because we refuse to let them be deceived and we refuse to let the masses be diverted, after reading the article, into imagining that everything has changed. We totally refuse to let this article become newspaper talk, mere ink on paper, and we do not want the crisis to be repeated a second time. We have spoken more than once through the revolutionary press, to the point where we have become bored by the theorizing about crisis in the revolutionary organization, the improper practices of its members, and the selection process within it, and seen that nonetheless nothing has happened -- the revolutionary committees have not been reconstituted nor have the improper practices stopped, and we have continued to watch, while each of us has condemned himself. Therefore, we do not want the crisis to be repeated once again, as people talk about the military institution, since we cannot talk about the corruption within it and the need to dissolve it and break it up if we are incapable of rebuilding our revolutionary organization and correcting the course of revolutionary action at all levels, relying in all matters on the instructions and initiatives of the commander, and are always waiting for people to mobilize us in an organized work program. Nor can we condemn the military institution while we turn to the soldiers for every program that we are unable to apply, starting with the management of some companies and proceeding through voluntary campaigns, such as work in the ports, mobilization campaigns, land reclamation, and the cleaning up of the cities, relying on the mobilization of soldiers by military orders to perform the work which we have failed to raise the consciousness of the masses to perform themselves. I do not know how a person who possesses a street culture can move to win the masses over to any issue.

This inability manifested itself clearly after the revolutionary committees emerged from the fifth meeting place with the revolutionary action program, and also after the convening of the third session of the people's conferences of 1982. Therefore, I once again tell you that the talk we are engaged in is prey to linguistic synonyms, mere articles of the sort of verbal theorizing that does not nourish anyone or provide them with food from hunger, giving the masses a diversion but not leading them, through constant instigation, to carry out real action programs or programs of speeches in people's conferences.

I tell you for the third time, indeed the 10th time, that unless we allow differentiation to take place within the revolutionary committees, so that the

revolutionaries may know who the opportunists with personal interests are, and unless we then start in a truly serious manner to instigate the masses, prompt them to apply the slogan of an armed people in practice, and also prompt them at the production sites to carry out the program of revolutionary action that these masses themselves have endorsed in the people's conferences, so that they will not need anyone to represent them in carrying out these programs -- unless we do that, the military institution, with its corruption, its depravity, its debauchery, its oppression, its liquor and its hashish will, in spite of your efforts, continue, with its officers' medals, badges and brilliant copper stars, to tell you at every moment, as it berates you with its filthy tongue and defies you, "Cowards, let's have more theorizing."

Revolutionary Organ Condemns Army

Tripoli AL-ZAHAF AL-AKHDAR in Arabic 21 Mar 83 p 1

Text A rotten smell has started to clog people's noses. It is a form of reaction that is enmired in feet controlled by heads, a form of ignorance that has been applied and whose oppressiveness causes the ignorant to feel shame, a form of rampant corruption there is no longer room to be silent about.

Most succinctly, it is the army!

The poor people realize that officers in the army are importing liquor, that the people dealing in hashish are army officers, that the customers and habitues of prostitutes are army officers, and that personal mediation and favoritism are also issuing forth from this army.

Most of the contraband items that have been seized in the airports and harbors belonged to army officers, whether liquor, hashish, even depraved movies, rare recreational goods or strange gifts.

On the streets, you can find contraband items and contraband personal interests in red light districts and prostitution rings. They all belong to officers in the army and are under their supervision and triumphant command.

Some of these officers have badges and medals of the order of military duty or even "good citizen" badges. Some of them are dependent on a clique, a clan, or a relationship to someone in the power centers that are known for their power to arrange things, and there are others who are lying in ambush for the masses, out of enmity toward them.

The curse is that there are soldiers and officers smuggling hashish in Tubruq who claim that they are protecting the nation!

In the towns, they wear medals, curse the revolutionary committees, insult the powers of the people and get drunk with the bourgeoisie. They are fascists, fascists to the point of unconsciousness, fascists to the point of total drunkenness, reactionaries, reactionaries to the point of loss of conscience, and ignorant persons, ignorant to the point of treason against the nation.

This army must be subjected to review, or otherwise we will be postponing its destiny another day. Every minute we waste before we put an end to its reactionary institution, which by its nature is opposed to the masses, is an act of treason. We are committing treason against ourselves knowingly and by premeditation.

Every day in which this reactionary organization, which is cursed with all the dregs of the loathesome past and afflicted with every type of disease that cannot be cured by any remedy, is concealed, we are making it a gift from our people's future, on behalf of a fascist gang that is hostile to freedom and linked to its culture and its behavior as "a repressive fascist government institution."

It is reactionary and fascist like Batista.

It is reactionary and fascist like Franco.

It is reactionary and fascist like al-Numayri.

It is reactionary and fascist like the military gang in El Salvador.

It is reactionary and fascist like the military clique in Chile.

It is treasonous, reactionary and fascist like the ruling band in Egypt. This army of yours has emulated them the way one slipper emulated another.

You are leaving tens of thousands of young people who are able to work, who are productive and constructive people, inside this reactionary institution, which is dominated by addicts of hashish, fornicators, depraved persons, ignorant people and middlemen who have no thoughts, day or night, except the means by which they can import the accessories they insist upon, and the means by which they can abduct the noble daughters of the people, and the ignoble ones, the chaste ones, and the evil ones.

And the means by which they can be enabled to obtain commissions, and form relationships domestically and abroad, in order to pave the way for acts of mediation and favoritism, and bribes, to the point where, if you want to obtain a sack of rice, you have to resort to an officer in the army, or if you want to obtain a passport, want to get permission to leave, obtain a loan, a telephone or a new or used car, or want a governess, a housekeeper, or a friend of theirs, you are compelled to resort to an officer of the army in all of these and other cases.

No logical solution is left in the agenda except to destroy this accursed institution from within, through the revolutionary committees.

And from outside, by the armed masses of the people.

It has become an obligation of the people's conferences to convene an emergency meeting to issue decrees on the dissolution of the army, and to return the idle to technical, occupational and moral accreditation centers and put them to work in useful activities, instead of gathering them together

in this form which is harmful to them and the economy, while waiting for the liberation of the occupied territories, which have long been occupied, though no bandages, medals or decorations have been angered at the way they are being usurped.

Indeed, the presence of the current reactionary institution of the army has prevented an enlightened, chaste armed generation from coming into being, one that is free from faults and from social psychological diseases, and free from stains on their religion and nationalism.

We see that the Arab military institution, which has failed to confront the invading enemy, has failed to liberate the occupied territory and has failed to embrace the masses of the people's goals of freedom, progress and unity, has succeeded in holding coups, in taking over radio stations and in repressing demonstrations, and it has succeeded in organized and disorganized withdrawals in the face of enemy invasion.

Since this is the case, it can only be an institution of shame, debasement and psychological ailments. The proof is in front of you, in the form of these psychologically sick persons, the smugglers of hashish, liquor and depraved films, the slaves of money and position, the slaves of mansions and ostentation, the slaves of moral and psychological acts of deviation, and the people who have lost all their ties with their people, the principles and goals of their masses and the values and concepts of their revolution, and thus deserve to have us consider them a fifth column, inimical to the people, within the army and the society.

We insist that their business be set before the people's conferences, one of whose duties is not to shrink from bearing their responsibility of retaining their freedom to eliminate reactionary institutions which are not part of the mass society, indeed those institutions which threaten the future of the people in a grievous, direct way -- foremost among which is the military institution.

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LIBYA

PROBLEM OF AUTOMOBILE SPARE PARTS SHORTAGE IN NATION REVIEWED

Tripoli AL-MUNTLJUN in Arabic 12, 19 Mar 83

/Article by Abu Da's and Muhammad al-Nazzam: " A Discussion of the Utmost Frankness concerning Citizens, Cars and Spare Parts"/

/13 Mar 83 p 3/

/Text/ In its last issue, the newspaper AL-MUNTLJUN published extensive news, in great detail, in the words of our brothers the secretaries of the people's committees in the General Motors Company and the Tebesti Automobile Company, to the effect that the two companies had imported large amounts of spare parts for all types of cars which would be sufficient for a long time and would meet the needs of the existing shortage.

In the wake of this news, which undoubtedly gladdened the hearts of many people--especially those who were in the most extreme need--good news stood to come for everyone from this initiative, although it was belated. The citizens had begun paying constant visits to spare parts centers which had closed their doors for annual inventory, or free annual leave as it is called in some of them, and, after a period of time, the sales centers had opened their shops to everyone and the citizens' applications started to pour down like rain--"hear and come," as they say. The sale lasted a week, as if it was something that had never happened, and all the quantities were sold out. Then the grumbling started and the black market emerged. Repair shop owners started to find a profitable market for their goods, which had become more precious than gold, and citizens became perplexed, as did the supervisors of the spare parts sales shops, who did not believe what had happened. After they had read the sales invoices and the exchange permits, they found that the amount which it had been stipulated, would be enough for a period of 6 months, had been sold out in a week, and the demand still existed. Everyone was perplexed. No one could believe it. The citizens considered that this talk was overdone and was just a case of casting ash in people's eyes. Everyone became silent, and consequently everyone accused us--accused the family of the editorial staff of AL-MUNTLJUN--for what had been published in previous issues, to the effect that that talk was not correct, that the figures, which ran into the millions, were not correct, that this was defrauding and deceiving the citizens, and that they had lost trust in the institution and did not respect it.

Therefore we have made this summary of the beginning of this investigation, in the course of which the real picture on everything that has been said and bruited about concerning spare parts and their disappearance over a very short period of time will become clear.

Out of the concern felt by the editorial family of this newspaper, one of its editors held individual and group meetings in the actual environment, on the spot, with a number of citizens and supervisors in the main shops of the spare parts sales centers, the Tebesti General Automobile Company, the Mazda warehouses in al-Hadabah al-Khadra; the General Motors Automobile Company, and Storehouse Two in the company's locations on the al-Suwani Road, so that the picture could become clear and these poisonous rumors, which are the only illness and serious epidemic disease in this society, could be put to an end.

Mazda Spare Parts

The first visit was made to the Mazda company's spare parts warehouses in al-Hadabah al-Khadra' in Tripoli, with a number of citizens of various groups who were visiting this private location, which deals with the sales of spare parts for small Mazda 323s only.

The citizen Ahmad 'Ali 'Umar, a secondary level student, said that he had come by this center more than five times and that he had not found what he needed. Sometimes he found difficulty in the manner of asking for it, and at other times he was told that that type of part was present but had run out; he still has hopes of obtaining it.

The citizen Husayn Khalifah, a driver:

He said that he came to buy spare parts for an oil pump and that he found what he needed was available, and everything was there, but that order and real conviction were not. This was one of the reasons for the congestion and people's rush to buy more than they needed, reflecting a negative development in this society's evolution and progress.

A Waste of Time

Misbah al-Mazdawi:

An employee in the music section of radio broadcasting:

He said that he had come at 0600 hours in the morning to buy some spare parts his car required and was still waiting. The clock showed 1100 hours when we questioned him. He pointed out that there was chaos, an absence of order, wasted time, and obstructionism in services and production, which ought not to exist in a mass society where every individual was trying to increase his efforts and production. He recommended that spare parts sales shops be open in the morning and evening hours so that everyone would be given a chance

and producers, employees, students and peasants would find more ample time to buy their needs without worry or hardship.

No One Answers

'Ali Muhammad al-Zintani, a producer:

He said that he passed by this location twice. The first time he asked about certain spare parts that he needed, and one of the producers in this center replied that they were not available then. The second time he also asked the same question. He added "Sometimes you can find someone to answer your question, and other times you will not, no matter how much you might ask, Brother, producer, supervisor, official, please give me an answer, whether what is needed is available here or not. There is nothing wrong with waiting, and if it is not available, I beseech you to inform us without wasting time. Everyone goes on his way, without answering. You are told "Stand in line and wait your turn; there is no need to ask now, until your turn comes!'"

He then said, "This is not right, and we hope it will not be repeated and that our brothers the senior officials will realize the true nature of what is going on in this regard and will work in earnest to solve the citizens' daily problems, especially cases of this sort."

The Supervisors' Response

We then moved on directly to talk with some brother supervisors in this warehouse. Our brother Sa'd al-Idrisi, supervisor of the Mazda spare parts warehouses, began his conversation by answering some of the observations and inquiries which had been made by our brother citizens. He pointed out, "This location, which is the headquarters for spare parts distribution in all the areas of the jamahiriyyah, has received very large quantities of spare parts for various types of cars. In view of requirements and the drought on the market, most of these quantities have sold out, especially those that get rapidly worn out. Large amounts have been distributed to all the company's branches in the various areas of the majahiriyyah, but the citizens here, in Tripoli especially, come to this one, for the reason that it is the headquarters and even things that are impossible to find are available there. However, none of us can offer anything except within the limits of his own effort, capacities and resources. The quantities that have arrived covered large shares of the market's needs. Shipments of quantities of spare parts will arrive soon. However, the citizen is not convinced and does not have patience; he wants what he needs and is not satisfied or content with everything connected with them,. Numerous citizens come by every day; most of them are proprietors of workshops who buy large quantities to store and dispose of at fantastic prices when they are not to be found in these warehouses."

55 Motors in 2 Hours

He gave as an example of that the case of motors for the model 323 Mazda. He stated that 55 motors were sold in just 2 hours and that there was a large

number of spare parts belonging to half-motors /sic/ that were sold out in a very short period of time.

Concerning some of our brother citizens' observations on keeping spare part distribution centers open in the morning and evening periods, our brother Sa'd Idris stated that that was not under the jurisdiction of this branch but was under that of the company management and the higher people's committee in it.

No Room for Two Centers

Our brother Isma'il Sa'id Rizq, supervisor of distribution for the branches in the municipalities, stated that large quantities of spare parts had been distributed to all branches in the municipalities of the jamahiriyyah and they had received an abundant share of these, in order that the congestion in the capital might be reduced and consequently the requirements of citizens in rural areas and villages who had been deprived of the most minor resources for many long years could be met. However, the citizens still believed in the traditional centralization for which there was no longer any room in a mass society. All resources were divided up among the various groups of the people in all the geographic areas of the jamahiriyyah. There were things that existed and were available in the areas of the villages and the countryside that could not be found here in Tripoli, and secondly there was an incentive to provide all the resources available to members of the public in the rural areas and villages.

Our brother Mushtaq, who is Pakistani by nationality and has more than 8 years' experience in the distribution of spare parts, said "The treatment of citizens is sometimes bad and immoral, with respect to people whose needs have not been met, and nice and polite in the case of others. These are very normal conditions and we have been accustomed to them for years." Our brother Naji al-Tumi, the branch supervisor and our brother 'Ali Muhammad Imbarak of the operations room in the Secretariat of the Economy and Light Industries, explained some points. One of them pointed out that a number of citizens are not convinced about everything that exists, and a large number of them are agents for owners of automobile workshops. This aspect bears on people's conscience and morality, and can only be remedied by meeting the greatest number of requirements and flooding the market with them. He fell silent a little, then said, "However, there are other circumstances, the financial and economic circumstances; our commodity programs and plans, and also our dealings with the countries from which we import these commodities, make it mandatory that we provide our requirements in accordance with specific bases and schedules, in accordance with the annual economic plan in this regard."

36,000 Dinars in Sales in 1 Day

Our brother Sa'd al-Idrisi pointed out that sales one recent day came to 36,000 dinars. That was a record figure which that branch had not previously attained, and indicates the volume that is sold out every day. It is also one of the basic reasons why the quantities imported recently have been sold out.

In the General Motors Company

We then moved on, in the company of our colleague the photographer Muhammad al-Zighani, to the spare parts quarters of the General Motors Company (al-Hamamah) on the al-Suwani road in Tripoli, where we made inquiries of some of our brother citizens on the way they were treated by the distributors and the extent to which their requirements in this area were being provided.

At the outset al-Hajj Sulayman 'Ali Muslim, a driver, stated that he had been waiting his turn in line for 2 hours; he said that he had asked one of the supervisors for a specific part for his al-Hamamah car, and the person told him that it was there, while another person said "I believe it is not." At that point, al-Hajj Sulayman said, "In this case, who am I to believe? The former or the latter? That is a contradiction, fraudulence, and a lack of conscience."

Why the Headquarters?

Our brother Mustafa al-Shantah, an employee in the Information Secretariat, said that he had visited three branches to buy a spare part for al-Hamamah cars, in Tajura, Bab ibn Ghashir, and this branch, that he had not found his requirements, and that he had wasted more than 3 hours waiting. He pointed out that only a very few spare parts existed in these branches and that they were concentrated in this location, which was Warehouse Two, the headquarters.

Qasim Sabah, a social specialist, stated, "I came by this center a number of times for no use, and did not find the most minor spare part for my model 304 car."

Our brother Khalifah 'Ali, a taxi driver, said, "When I asked for my requirements here, I was told that they did not exist, whereas I did find them with the owners of shops, at really fantastic prices."

You Came and They Were Gone

Al-Hajj al-Sayd Muhammad Wahibah, a peasant who is still waiting, said "Everything is present and available, but the delay, the low output and people's failure to obey their conscience are the only problem that we must acknowledge. When you ask an official to register a specific part, he tells you, "It doesn't exist. You came and they were gone. Why didn't you come first, and where do you want me to get it for you from? God is all-powerful, Uncle Hajj, what do you want us to do for you? Here are others who have their own turns."

The Answer

After this sampling of the views of our brother citizens, our brother 'Abd-al-Salam Misbah, supervisor of Spare Parts Warehouse Two in the General Motors Automobile Company on al-Suwani Road, stated that none of our fellow citizens' observations and requests for information applied to the actual situation; most of them were just reactions. A person whose requirements were met went

off contentedly and praised the company and the officials in it, while a person who did not find his needs was of course resentful and didn't like anything, even if you did the impossible to persuade him.

He added that dealings with citizens took place in organized fashion directly, and no lists were set out for registering people's names, because there were numerous citizens who registered their names but, when their time came, you could not find them. Some of them recorded a large number of their colleagues and friends, but they were at their jobs. There were some citizens who when they went before a producer to set down their needs on the invoices that were prepared for that, went off to take care of their own business before paying the cashiers.

The Shortage of Technical Manpower

He said, "The problem we are suffering from now is not one of the availability of goods but one of the shortage of productive technical manpower. Great understanding is required in this field; the producer who handles spare parts should be like a pharmacist who deals with drugs, but that is not to be found here now."

He stated that there now were 18 producers in this storehouse, of whom a number were trainees who had graduated from a vocational training institute and needed more experience. There were more than 47 spare parts sales branches in the various areas of the jamahiriyyah; this branch, in a single day, from 0800 hours in the morning to 1400 hours in the afternoon, dealt with more than 500 citizens, a record, very high figure. The producers worked until 1600 or 1700 hours every day, even after the end of the shift; it was necessary to work to open boxes and distribute their contents to the sections provided for that, so that the citizens could come the next day and have their requirements given out to them.

Our brother 'Ali Muhammad al-Sannusi al-Mazdawi, whose activities in all departments of the storehouse were obvious, was still reticent at the beginning and refrained from answering. He said, "We here in this warehouse, which contains all the spare parts for the different models of al-Hamamah cars, are trying as far as possible to avoid bothering any citizen in responding to his request, but we are not against the impossible. Everything that is available is given out to everyone."

Law 15 Is Biased against the Producers

Our brother 'Ali al-Farjani, chief of the industrial safety department in the company, expressed a number of observations regarding Law 15 for 1981, which is biased against the rights of the producers and the productive. In this law, attention was not given to the elements of expertise, the profession, and the attendant risks in it. The producer has become the equal of the employee in a department. He said, "This aspect has been discussed by the masses at the basic people's conferences, and the necessary recommendations

and observations have been adopted concerning them. The general people's conference formulated the law at its latest session, and we hope that the executive bodies will show concern for the producers' rights in this regard."

These Figures

This is a list of some of the spare parts that were sold last February, according to the invoices handed out:

2,296 brake pumps
313 radiators for 504 cars
45,000 spark plugs
3,653 spark platinums /sic/
12,000 motor mounts
466 (iskatlah) for 404 cars
697 headlights for 404 cars
10,119 passenger cabin roofs for 504 cars
1,364 (fozelli) roofs
469 clutches
800 disc brakes
670 motor (na'na')
362 headlights for 504 cars
400 motors

Our brother 'Abd-al-Salam Misbah said that from these figures, in addition to the more than 1,400 engines that have been distributed, the degree of consumption and the race to buy and store up these parts in private warehouses or homes becomes obvious.

He pointed out that the above figures concerned the citizens only, and had nothing to do with the figures on volumes handed out to the other public legal entities.

In Conclusion

This, most briefly, is a picture of the daily examples on the causes of congestion in the spare parts sales shops and the options of the citizens and the officials dealing directly with them.

In coming issues we will publish more statements by our brothers the secretaries of the higher and branch people's committees in these two companies, in order to round out the true picture on this subject.

/19 Mar 83 pp 7, 12/

/Text/ This instalment will complete the journalistic investigation that was published in the last issue on the everyday problems that citizens suffer from in the centers for the sale of spare parts for automobiles of all types, especially passenger cars, citizens' opinions on these, and the peripheral solutions that were proposed in the course of the inquiry that has been published. /It will also complete/ the response by our brother supervisors in the spare parts sales centers in the city of Tripoli, the justifications

that were stated through the figures and statistics on sales--whether financial or concerned with the type of the volumes consumed--and how the fact that the citizens, and their rush to buy more than they need, have been a major direct reason for the sudden, astonishing reduction in these volumes which has caused everyone to be bewildered at what has happened. The citizen can be excused for buying his needs for spare parts, since he is in the most extreme need for them, after a severe drought. The automobile and spare parts import companies have imported substantial amounts of these parts, enough for a period of time that is estimated at 6 months at least, as an initial stage in this regard.

In view of the importance of this aspect in the sales and disposition of spare parts, which have come to make up an important part of people's conversations, we are today completing the second part with a number of secretaries and members of people's committees in the General Motors and General Tebesti Automobile Companies, and their statements, observations and responses to all the inquiries and questions that were published in the last issue of this newspaper.

In the Tebesti Company, Tripoli Branch

Our brothers the secretary and some members of the people's committee in the Tebesti General Automobile Company began their discussion on this aspect of the problem of the absence of automobile spare parts in large volumes adequate to meet the citizen's needs, the manner in which the amounts that were recently imported disappeared in a short period of time, the reasons for the drought in the market, the alternative solutions that ought to be carried out, and a group of other side observations.

Our brother Fathi 'Atiyah al-Sawi, secretary of the people's committee of the Tripoli branch, began his discussion by describing the reasons why the company's automobile spare parts inventory had declined. He pointed out that in the preceding period, last year, 1982, the imports of cars of all types were suspended, spare parts included, because of a number of circumstances that everyone knows about, and people settled for the inventory that existed in this period, which was distributed in the course of the past year. He said:

A Sense of the Problem

"Without doubt, this inventory started gradually to be sold out by the end of last year; this caused us to tighten up and sense this problem, realizing that if we did not find a rapid solution for it we would perhaps fail to find a necessary solution for it. Its roots had spread and therefore the higher people's committee in this company took the initiative of partially remedying this problem, since agreement was given by the Secretariat of Economy and Light Industries that it could hasten to import appropriate amounts to cover the current deficit until the new financial budget was issued. In actuality, allocations were opened to import amounts of spare parts for automobiles of all types worth a total sum of 14,515,375 dinars. Of this, quantities worth 5,666,825 dinars have arrived; the rest is waiting to be shipped and will arrive in the next few days. Without a doubt, that will help solve the shortage that exists at present."

The Requests Are Ready

He said, "Requests are now ready, and a study has been made on importing large amounts of automobile spare parts estimated at 10 million dinars. The total spare parts for all the Tebesti Company's automobiles to be imported for this year will be 28 million dinars for Tripoli and the areas that are technically subordinate to it. This accounts for 60 percent. The remaining amount, which is 40 percent of the value of the general imported amounts that appear in the commodity budget, or 45 million dinars, will be just for spare parts."

Unstable Market Requirements

Our brother Rajab al-Fayturi, manager of the technical department and member of the people's committee, said "We have not yet managed to arrive at a real understanding of market requirements. None of the studies and experiments by our brother supervisors in the spare parts sales centers have brought us to a positive conclusion on ascertaining the consumption requirements of the market, and therefore we review all the requests that come to us from the other branches on the basis of the technical resources, since the branches cannot at present rely on their technical expertise now. Consequently they do not have information and statistics on what is available and not available in the main spare parts warehouses."

68 Watchmen

Our brother 'Abd-al-Salam Rahhumah, manager of the spare parts department, pointed out that there now are 27 branches for automobile spare parts sales. From the technical standpoint, these belong to the Tripoli branch: they are Qasr ibn Ghashir, al-'Aziziyah, Sabha, Ubari, Sabratah, the points of al-Khums, Misratah, Zulaytin, Tawurgha', al-Jafrah, al-Zawiyah and Sabratah, the points of al-Khums, Tarhunah and al-Khums--Misallatah, Bani Walid, Gharayan, Jadu, Mazdah, al-Zintan, Yifran, Nalut, Tiji, and three in Tripoli. The number of producers subordinate to the Tripoli branch comes to 521, 262 of whom are producers in the spare parts sales centers and 68 are watchmen who were previously transferred from public service.

He stated that total sales in the period 15 August to 31 December 1982 came to 4,526,032 dinars; these were sales from the inventory that year.

The amount transferred to outlying branches in the period from 15 August to 28 February 1983 came to 5,686,932 dinars. Sales in the Tripoli branches in January and February came to 2,527,000 dinars, in addition to the amounts for the special maintenance workshop and those transferred to the other branches.

30,000 Spare Parts in a Single Month

He gave an example, stating that more than 30,000 platinum /sic/ parts were sold for Datsun Model 140G and 97,000 spark plugs were sold in addition to a number of types of parts which were sometimes greater than the number of cars owned by individuals and public authorities. This was proof of the citizens'

failure to be convinced that what was available was available, and their rush to the point of madness to buy more than their needs.

Our brother Rajab al-Fayturi observed that large loopholes were used by the owners of private shops to drain off large amounts of spare parts. These were that a large number of the proprietors of these shops went early in the morning to places where spare parts were distributed, bought great amounts and stored them in their workshops until they received an opportunity to sell these parts to some easily swindled groups of people at very fantastic prices. Consequently, the blame was placed on this company, and many people accused it of being deficient in providing the necessary requirements or charged that these requirements were given out on a personal basis or on a basis of favoritism to the people who own these shops. We hear very many of these rumors and stories every day.

Reservations for Cars in Advance

Regarding advance reservations by citizens to buy cars, our brother Salih Salim Ramadan, manager of the sales department and member of the people's committee in the branch, stated that there currently was a substantial number of these reservations, but they were not a problem, since they had been disposed of after a decree was issued prohibiting the importation of cars and a number of reservations were transferred to other models of cars that had been available in that period. In addition, the parts in those cars that had modest damage to them were repaired and they were given out to the people who were entitled to them. Therefore, we now have about 1,116 new contracts; that is, the reservations for new cars whose owners have not yet taken delivery are broken down as follows:

Mazda 929 sedans, 530 applications.
Nissan 12-ton diesel trucks, 30 applications.
Nissan 9-ton diesel trucks, 77 applications.
Mitsubishi 3-ton /vehicle/, 21 applications.
Mazda long-body 2-ton trucks, 191 applications.
Mazda 2-ton short-body trucks, 14 applications.
Mazda 3-ton trucks, 73 applications.

In addition, 350 vehicles with special specifications for the handicapped were reserved in the names of their owners but have not yet been paid for.

The Refusal To Open Reservations

He also pointed out that the Tebesti company, out of previous experience, considered it best not to open reservations for all citizens and legal bodies until the requisite quantities were shipped from the manufacturing company, so that the pileup of these reservations which occurred in the past, as well as the failure to store or what they call invest the money that is paid by the citizens to these companies' accounts, would not be repeated.

He said, "We do not know about the importation of any of these models of vehicles, even on an exceptional basis, to cover these applications, and we are without a doubt tied to economic factors and the commodity budget; although vehicles are an essential requirement for the families of individuals and must be provided, 'Stretch your feet as far as your blanket,' as they say."

The Debts Total 40 Million Dinars

Concerning certain debts that have accumulated in the accounts of certain legal bodies and individuals, our brother Muhammad al-Ya'qubi, the manager of the company's department of finance, stated that more than 40,676,000 dinars in debts have been accumulated and have not been paid off to the company's treasury by the people who owe them. The company owes debts, including 16 million to banks and 10 million to the Customs and Tax Departments; in addition there is the interest that is paid to the banks, which is 7.5 percent, or, in the case of compound interest, sometimes as much as 15 percent. He stated that in this case the company loses 5 percent of the value of the sales since it has a 10 percent profit return on the basic price but when these debts accumulate the banks' interest rate increases to 15 percent, that is, an additional 5 percent of the basic price, which the company is committed to paying.

Our brother al-Ya'qubi stated that it was necessary that the accumulated debts owed by individuals, which were 3 million dinars in checks that were returned because they had no cover, 4,676,000 dinars in the form of money orders, post-dated checks and interest, and 33 million dinars owned by other public legal bodies, be paid.

This Is a Central Decision

Our brother Fathi al-Sawi, the secretary of the people's committee, observed that the Secretariat of the General People's Committee of Justice decree that was recently issued on 10 February under the number 178 regarding the rules for giving credit on contracts and traditional practices related to mechanical means of transport, specified that credit could be granted on contracts for the transfer of the ownership of cars from their original owner to the current buyer on three conditions--that the contract be approved by the person writing the contract, a court, or a secretary of the popular committees in the shops. The decree also specified that it was necessary that the purchaser undertake to bear full responsibility for the correctness of the data in the traditional contract and the commitments that were incurred by the car before its ownership was transferred. He said that this was a central decree and that it ignored the financial rights and obligations of these companies, since the opinion of the bodies concerned, the automobile companies, ought to have been taken before this decree was issued. However, it was not, and for that reason numerous people who own these vehicles have debts and have found loopholes in this decree in order not to pay the obligations they have incurred.

He said that it was necessary that an explanatory memorandum be issued containing the financial rights of all the bodies concerned by this matter.

The Impossibility of Working in Two Periods

Our brother Fathi 'Atiyah al-Sawi, the secretary of the People's Committee of Tripoli Branch, explained that the spare parts sales centers were not open in both periods, in the morning and the evening, because a number of circumstances inhibited the realization of the recommendations our brother citizens had advanced, which this newspaper published in its previous issue. One of these was the absence of qualified technical personnel to administer and run the spare parts sales centers, since the morning period is allocated to sales directly to the citizens, while, in the evening period, the producers are given an opportunity to open the spare parts crates, receive them, classify them by sections and seek to provide the requirements of the other external branches. He said,

"The producers in all branches are working at above their capacity and more than the stipulated work hours. Law 15 for 1981 was a disaster for producers since it prohibited everything, including overtime work, and unfairly discriminated against the rights of many producers. For this reason, this branch cannot apply the citizens' recommendations, important and feasible as they are, at the present time."

In the General Motors Automobile Company

In the General Motors Company, which is a firm that specializes in the importation of cars and spare parts for more than 19 models, including the al-Hamamah of various types, the Fiat, the BMW, the Mercedes, and the Renault, our brother Bashir al-'Arabi al-Huni, the secretary in the people's committee of the Tripoli branch and the man in charge of the activities of the secretary of the higher people's committee, stated that several causes have influenced in the good, sound distribution of spare parts, among them the drought in the market, the citizens' needs, and the race among shop owners to buy and plunder the citizens' needs in an unlawful manner. He said,

"The statistics and figures that were published in the last issue of this newspaper exceeded description, since these amounts are supposed to be enough for consumers' requirements for at least 6 months, but were sold out in a week."

He pointed out that 124 distribution centers in various areas of the jamahiriyyah and 25 marketing bureaus that were in charge of sales, writing up contracts on used cars, and offering all necessary and essential services were now subsidiary to this company.

36 Lines of Credit

He said, "Thirty-six lines of credit were opened for spare parts for different types of vehicles in the first quarter of this year. Their total value came to about 10 million dinars, out of a total of 45 million, which was the financial budget allocated for the importation of spare parts for the Motors Company, in addition to 5 million for special equipment. A program has been

set out by stages for this year by virtue of which the requisite volumes will be imported in the light of the budget set aside for this sector."

Our brother 'Abdallah 'Ashur, the manager of warehouses for all types of cars, noted that one reason for the attrition in the spare parts that were imported recently was the fact that citizens had bought more than one part and were storing them; in addition, people who own private shops were playing a part in buying tremendous quantities and dispensing them in times of need at exorbitant prices. There were many such shopowners who went by the spare parts sales centers every day, and a number of cases have been cited. He said,

"There are no executive rules to prevent or limit these acts. The occupational union has been deficient in this regard."

We Are Not a Magic Wand

Our brother Bashir al-'Arabi al-Huni, the secretary of the people's committee of the Tripoli branch, said "Because of the various opinions and views that the citizens have expressed, we are without a doubt sensitive to these problems, but we are not a magic wand that can carry out these recommendations rapidly and in a short time as people wish, especially as regards the opening of new centers and working in two periods. The resources that we have do not allow us this from any angle, and a number of obstacles are standing in our way, such as Law 15 for 1981, the manpower shortage, the shortage of warehouses and other important matters."

There Are No Contradictions

In response to inquiries from some brother citizens on the existence of contradictions on the part of producers in the sales of spare parts, since, when a person asks about the presence of a specific part he is answered in the negative and then when he repeats the same question he is told "It is there, but wait," and then, when his turn comes, he is told that it is sold out.

Our brother Bashir says, in replying to that, "This statement might or might not be correct. When a citizen asks for his requirements, one producer will reply that it exists, but in limited amounts; others who are ahead of him in the line rapidly buy them out and thus he is surprised by the situation and explains it with that statement."

Our brother al-Huni observed, "Many legal bodies are asking for more than their needs for spare parts, and that constitutes a big burden and causes our efforts to falter." He said:

"There are some legal entities that import spare parts expressly for their own cars, for their own account, and then these cars come for maintenance in the company shop. More than 30 Mercedes cars belonging to the Secretariat of Justice are now in this shop, and it needs spare parts which are still in storage in the secretariat's shops. This causes disruptions in the work."

The Blame Lies on Them

He also pointed out that many explanations lay in the individuals and public bodies that left their cars in maintenance shops for a long time, perhaps 3 years or more, after which their owners came, especially in circumstances such as these, and asked for them. While those cars were maintained in accordance with the requisite schedule, they have certainly lost their ability to function because of the natural elements that have an effect on that. As a consequence, this company now is in an extremely embarrassing situation from the technical or economic standpoint, or even from the standpoint of storage and the occupation of space for them. He said, "No law stipulates that one must act in this sort of situation. We will try as far as possible to address the bodies concerned regarding the need to deal with them in the necessary legal way."

20,000 Cars Waiting

As regards reservations, our brother al-Huni pointed out, "These large numbers of previous reservations come to more than 20,000 in the case of new cars of various models. The opportunity for importing such an amount is not appropriate, and for this reason everyone has the opportunity to choose to withdraw the sums that were paid or to wait for an unspecified period of time."

In conclusion:

These, in brief, are most of the views, points of view, and answers by our brothers the secretaries and members of the people's committees in the Tebesti Company and the General Motors Automobile Company. They have provided a miniature picture of what is going on in these two companies.

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LIBYA

BRIEFS

GHADAMIS PROJECTS--Sources in the People's Committee for Utilities in the Municipality of Ghadamin stated that a number of vital projects were carried out in the municipality of Ghadamis and its projects last year, 1982. These projects were the hookup of the al-Jawsh well to the Tiji plant, the old well project in Nalut, the Tunin and al-Zahrah project in Ghadamis, and the project to link up and install the al-Jawsh and East al-Badarinah wells. These sources stated that the completion rate on the Tiji water line project was 68 percent, while the completion rate on the project to link up the water from Well Two in Ghadamis came to 77 percent. These sources said that work was underway on the construction of three other water projects in the same municipality. They stated that the total projects carried out in the 5-year plan in the Municipality of Ghadamis came to 63, of which 44 were water projects, two were for sewers, and 17 were in various sectors. /Text/ /Tripoli AL-FAJR AL-JADID in Arabic 27 Feb 83 p 3/

PILOT PLOTS--Sources in the General People's Committee for Land Reclamation and Redevelopment stated that 135 pilot spring potato fields have been set up in 16 municipalities in the jamahiriyyah. These sources stated that a special program has also been carried out to combat bugs through insecticides in the pilot fields and that a program has been set out to grow potato seeds in the municipalities of Tripoli and al-Zawiyah. /Text/ /Tripoli AL-FAJR AL-JADID in Arabic 27 Feb 83 p 3/

AL-QADHDHAFI RECEIVES DEGREE--The University of Tomas de Aquino in Argentina has given our brother the commander of the revolution an honorary doctorate. The dean of the university has given the degree to our brother the commander. /Text/ /Tripoli AL-FAJR AL-JADID in Arabic 10 Mar 83 p 1/ 11887

CSO: 4504/283

MAURITANIA

MINISTER DISCUSSES SAHARA ISSUE, ALGERIAN-MOROCCAN SUMMIT

Nouakchott CHaab in French 3-4 Mar 83 p 2

/Press conference by Minister of Information and Telecommunications Mohamed El Mokhtar Ould Zamel on 1 March in Nouakchott/

/Text/ Minister of Information and Telecommunications Mohamed El Mokhtar Ould Zamel, the government spokesman, held a press conference on Tuesday at his ministry offices during which he discussed our country's position on the Western Sahara conflict and the Algerian-Moroccan summit meeting 26 February on the border, between the town of Oujda and the Algerian village of Akid Lotfi.

We here publish the minister's statement and his replies to journalists' questions.

Before responding to questions, I would like to review briefly the Mauritanian Government's actions and position since 10 July 1978. Everyone recalls that Mauritania was an involved party in the Western Sahara dispute, and specifically the fighting to which the dispute led.

Beginning on 10 July 1978, the armed forces who had seized power affirmed Mauritania's desire to get out of that struggle. At the same time, the government hoped to follow this by getting the other parties involved moving in a peaceful direction. In view of the reluctance it encountered, it decided to assume its responsibilities, and therefore on 5 August 1979 it signed a peace agreement with the Polisario Front. It thereby removed itself from the armed struggle and declared its neutrality toward the remaining two belligerents, the Kingdom of Morocco and the Polisario Front. This position, which Mauritania has maintained ever since not only conformed to our people's deepfelt aspirations, but also conformed to international law and specifically the pertinent UN resolutions and the conclusions of the Hague International Court of Justice, both of which have been studying the Western Sahara dispute for a long time, even before it erupted. Someone may protest that Mauritania was committed by the Madrid agreement. Here I would like to explain something: None of the signatories to that agreement respected it, not to say that they all violated the agreement as soon as they signed it, and as a result it became null and void. An agreement has value only to the extent that its signatories honor it. The agreement has not only been rendered null and void

by the action of its signatories, but as far as we are concerned has been totally outdated.

Mauritania's intention in getting out of the armed conflict and declaring the neutrality was to establish balanced relations with all its neighbors, and particularly with the concerned and interested parties in the Western Sahara dispute; and this, naturally, on the basis of established principles, which should however be repeated, namely: mutual respect, noninterference in internal affairs, and respect for sovereignty and independence.

All who have respected these basic principles in their dealing with us--as we ourselves have always respected them--have found our hand outstretched for good neighborly relations, friendship, cooperation and fraternal ties.

By so doing, Mauritania's aim was first to persuade the concerned parties to move in a peaceful direction toward finding a just and equitable solution to this dispute, which has lasted far too long; Mauritania also directed its effort within the framework of international organizations to which the case had been referred, and of which Mauritania is a full member--particularly the United Nations and the OAU. We say in all modesty that the pertinent resolutions passed by these organizations have often been inspired by Mauritania's wise positions.

We can only congratulate the OAU on the courage and wisdom of its resolutions and the solutions it recommended for the Western Sahara dispute. Naturally, a resolution must be implemented, and that is where there are still persistent difficulties. In summary, Mauritania chose to withdraw from the armed struggle on 10 July 1978 and since then has concentrated its efforts on finding a just solution to the issue and on establishing relations of respect and fraternal cooperation among all the states and peoples of the area.

It does this out of duty, but also because its support is indispensable for solution of the Western Sahara issue and bringing the dawn of an era of peace and concord in the Maghreb Arab region.

Question: Mr Minister, do you think that the recent Algerian-Moroccan summit meeting opens new prospects for settlement of the problems of the region?

Answer: I would like to point out that the region is experiencing two kinds of problems. One basic problem is that of Western Sahara, which is a problem of decolonization that has not been able to occur under normal conditions. This issue, in the course of its many phases, has created tensions, and even bilateral conflicts, among the various states involved or interested in the dispute. The latest summit meeting between the Algerian president and the king of Morocco is one way toward decreasing the tension between two states in the area which are either interested or involved in the Western Sahara conflict. If we can describe it as a course toward reducing tension, we can also hope that it may help in finding a solution to the basic problem of Western Sahara, in which there are in fact two main opposing parties: the Kingdom of Morocco and the Polisario Front.

Question: Mr Minister, was Mauritania informed of this meeting?

Answer: As I said before, Mauritania is an involved party and an integral part of the Arab Maghreb, and certainly no development of importance can take place without its support. Mauritania kept track of the various developments preceding that meeting; I repeat that Mauritania is an integral part of this subregion; it closely follows all events that take place there, and it is necessarily one of the parties to all major decisions taken to benefit the region.

Question: What role can Mauritania play in resuming the search for a solution to the Sahara dispute?

Answer: Mauritania, as you know, was an involved party in the Western Sahara conflict. With the benefit of right and reason, it succeeded not only in emotionally detaching itself from this issue, but also in being able to examine it objectively and realistically. As a result, Mauritania's objective positions--and they have always been objective since 10 July--have certainly helped, as I said previously, the organizations to comprehend the real facts of the Western Sahara issue. There have also been Mauritania's regular contacts with the parties, or at least some of the parties, involved in this issue in such a way as to promote to some degree an equitable solution. Thus, Mauritania has defined its necessary role as operating in two directions: on the one hand, to the parties concerned and interested, and, on the other, to the international organizations to which the problem has been referred.

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MOROCCO

CONTROL ON FOREIGN EXCHANGE, INVESTMENTS NOTED

Casablanca MAROC SOIR in French 23 Mar 83 pp 1, 3

[Speech by Ali Amor, director of the Currency Office: "Control of Foreign Exchange in Morocco and Foreign Investments"]

[Text] In answer to the invitation extended by the American Chamber of Commerce, Ali Amor chaired a discussion on foreign exchange controls in Morocco and foreign investments. Aware of the importance of this subject and its repercussions on the country's economic life, we offer here the full text of Amor's presentation.

Foreign currency control was instituted by Morocco in September 1939. The Currency Office, which acquired its present structure by Dahir of 22 September 1958, as a public office under the jurisdiction of the Ministry of Finance but with the status of a juridical person and financial autonomy, is in charge of issuing, on behalf of the minister of finance and within the framework of his general instructions, the authorizations stipulated in the 10 September 1939 Dahir, which prohibits or regulates the export of capital, exchange operations and the gold trade. Therefore, it is in charge of supervising the recovery of income in foreign exchange and authorizing expenditures abroad.

The basic principle governing foreign exchange is a general ban on capital exports of all kinds, without the authorization of the minister of finance or by delegated authority to this effect (exercised in this case by the Currency Office).

This basic regulation, however, has been substantially exceeded in the course of time through sui-generis regulations issued by the Currency Office in the form of circulars and notes to approved middlemen as well as through a number of practices and usages on the part of that office, endlessly adapted and readapted to circumstances and circumstantial realities, and frequently supported by various laws (investment codes).

Thus, for instance, as early as 1950 the Currency Office issued a circular (No 382) which included a list of payment categories considered "normal and current" and which, therefore, may require a transfer authorization.

Circular No 382 has a very broad application. Several important operations consequently found themselves in the category of "normal and current"

transfers. This applies to payments resulting from merchandise imports, fees and royalties from patents, licenses and trademarks, authorship royalties, exploitation fees, interests and dividends, medical and training expenditures, aids, pensions, labor and capital returns, etc.

This list is merely indicative and the range of operations falling under the transferable category is quite extensive.

Other specific provisions were added to regulate transfers related to specific items, such as imports, exports, transfers, foreign investments, etc.

Some general principles and a doctrine governing the Currency Office were formulated as well.

Let us cite as an example the principle according to which any return on capital is transferable, whether a retransfer guarantee was issued or not, covering capital initially invested by nonresidents. The transfer authorization for such returns becomes automatic the moment the generating investment has been made legally and the beneficiary is a nonresident.

It is equally on the basis of these principles that currency regulations grant Moroccan or foreign enterprises the possibility of seeking in justifiable cases the assistance of foreign companies in putting to use their patents, licenses and trademarks and in providing engineering studies, installation and service projects, skill training, sharing of know-how and technical and scientific information, etc.

Such payments must be covered by contracts stipulating the nature and extent of their range and amounts of respective remunerations. Such contracts must be submitted to the Currency Office for approval. If approved, the approval being based on the sole condition that the payments are actual and the prices right, settling accounts abroad is authorized without difficulty.

This essential change in regulations governing foreign exchange was paralleled by a change in the modalities of granting authorizations. Such changes have become increasingly flexible, specifically through a system of delegating decision-making rights to approved intermediary banks.

The banks are given the Currency Office approval to carry out a certain number of exchange operations within the framework of existing regulations, thus becoming auxiliary arms of that office. They also carry out other operations based on general or specific authorizations granted by the Currency Office. Thus, in the course of implementing exchange regulations, the approved intermediary banks provide a public service and allow a decentralization in foreign exchange controls, which is more convenient and reduces formalities.

Range of Application of Exchange Regulations

The range of application of exchange regulations is quite broad. It covers exports, imports, capital holdings, exchange operations, account settling between Morocco and foreign countries, holdings abroad or in foreign currency,

foreign holdings in Morocco, real estate operations, operations in transferable securities, etc. ✓

Let us quickly review the main stipulations included in these exchange regulations, which may directly or indirectly affect foreign investments.

1. In commercial matters:

a) Imports.

As you know, goods are imported within the framework of the annual gross industrial product, which includes the A, B and C lists.

In all cases, imports are directly controlled by the banks holding the import permits, within the limits of a general delegation of powers granted to them by the Currency Office for this purpose.

The new text of Instruction 01, covering imports increased as of June 1982 the liberalization of these regulations by simplifying procedures.

The banks were even allowed to settle accounts with foreign suppliers of capital goods.

b) Exports.

Let us point out that virtually all goods may be exported freely; a special export permit is required only in the case of some sensitive or strategic commodities.

However, all commercial exports are subject to an "exchange commitment," which means that the exporter commits himself to transfer to Morocco the results of his exports in foreign exchange within a set time. The period does not change according to circumstances, as in other countries. It remained unaltered: 1 month from the settlement date and 3 months from the export date.

Facilities have been granted to the exporter for making payments abroad for export-related expenditures (commissions, advertising, etc.).

To this effect exporters have been granted an annual foreign currency limit of up to 3 percent of their export sales, which can be used to finance their travelling and/or finance the studies and operations of their agencies abroad.

Let us mention among the other measures aimed at encouraging exports the currency support system, which was instituted in April 1979, which allows imports and exports within the customs framework to be protected from exchange rate fluctuations which have become frequent lately. This system was reorganized at the end of last year in order to meet the real needs of exporters.

Let us also mention export insurance, instituted with the 23 April 1974 Dahir, which allows exporters to insure themselves against certain types of commercial and other risks.

Finally, one year ago the currency exchange system was made far more liberal in the field of exports by the fact that export licenses (previously issued by the Currency Office) can now be issued by approved banks acting as intermediaries.

2. Trips and Travel

Whereas tourist allocations for foreign currency have remained unchanged (100 dirhams per person per year), foreign exchange is being granted for business trips, training and studies abroad.

The approved intermediary banks have even been delegated the right to issue to their customers the funds necessary for business and training trips within the limits of a fixed annual allocation for each individual company, taking into consideration its requirements based on preliminary stipulations (per diem expenses, maximum per trip, etc.).

Let me remind you that exports as well as tourism agencies can use up to 3 percent of their gross sales figure in foreign exchange. Students pursuing graduate or professional studies abroad, are granted study allocations.

3. Stipulations Favoring Foreign Residents in Morocco

In addition to the numerous advantages they benefit like all Moroccans (foreign trade system, bank financing, business trips, etc.), foreign residents in Morocco benefit from other measures specifically geared to their status as foreigners, such as:

Salary savings;

Taking their earnings when permanently leaving the country;

Keeping bank accounts in foreign exchange and in convertible dirhams.

Foreign wage earners have the right to transfer on a monthly basis and as a general rule between 30 and 50 percent of their savings, depending on whether or not their spouse lives in Morocco, as well as some social insurance payments they must make in their own country.

This system, also implemented by approved intermediary banks, equally applies to foreign members practicing liberal professions, but with a ceiling set at 2,000 dirhams (instead of 500 and 1,000 dirhams as in the past).

Transfers when leaving the country permanently:

Foreign residents who return to their country on a permanent basis have the right to transfer, in addition to their savings, up to 350,000 dirhams per family, based on the length of their stay in Morocco.

Keeping bank accounts in foreign exchange and convertible dirhams:

Finally, on the practical level, let us point out that foreigners may open in Moroccan banks accounts in foreign currency or convertible dirhams. This

possibility, which was initially granted exclusively to non-resident foreigners, was recently extended to foreign residents as well. These account owners, therefore, are allowed to convert their holdings into foreign currency, in cash or traveller's checks. Such accounts can also be used in settling accounts (including those involved in export and import operations) between Morocco and foreign countries. This greatly simplifies transfer procedures.

It is within the same framework that allowed transfer funds may be deposited as foreign currency or transferable dirham accounts (dividends, technical aid, salary savings, etc.).

Accounts in convertible dirhams earn a rate of interest of up to 10 percent annually despite the general principle which forbids interest payments on checking accounts.

These are the main stipulations of the exchange regulations of interest to foreign investors or investments. Let us now look at the basic guarantees and advantages offered through the regulations governing foreign exchange and investments.

Basic Guarantees and Advantages Applicable to Foreign Investments

1. Capital Retransfer Guaranty.

If an investment made in Morocco by a foreigner is financed in foreign currency (basic stipulation), and if such an investment has been registered with the Currency Office (official condition), the investment benefits from the full retransfer guarantee.

The retransfer guarantee represents an irrevocable commitment on the part of the Currency Office to authorize at all times the transfer of the product of a transfer and the total or partial withdrawal of the investment.

The Currency Office has also the right to extend the retransfer guarantee in the case of investments made through other means of financing (in kind, consolidation of credits, capitalization of reserves, new funds or stock transfers), on a case by case basis, by express decision based on the information submitted by the interested party.

2. Guarantee of Capital Income Transfers.

On the basis of a general foreign exchange regulation principle, income is always transferable for current and ordinary payments. The following is classified as income: interest, dividends, extra dividends, shares of the earnings of capital investment by companies or individuals, percentage, attendance tokens, rental income, operation of branches, etc.

One of the features in Moroccan foreign exchange regulations is that it allows the transferability of capital returns without a ceiling. In other words, income (after taxes -- the only condition) can be transferred in its entirety to the account of its owner, whatever percentage of invested capital it may represent.

Real estate or farm rental income of non-resident foreigners is also transferable.

3. Capital Account Advantages.

Let me remind you that capital accounts are bank accounts kept in dirhams kept in Moroccan banks in the name of physical or juridical persons not or no longer residing in Morocco. Such accounts are for funds considered non-transferable in terms of exchange regulations. In general, they are deposits resulting from the transfer or liquidation of investments not covered by the retransfer guarantee (such as investments made before Morocco's independence or financed out of local resources). They could also be used for funds in excess of the transferable amounts in the case of permanent departures.

Whereas a favorable liberalization measure allowed the transfer on an exceptional basis of what is known as small accounts (20,000 dirhams) in 1975, 1979 and 1981, for both humane and social reasons, the use of funds deposited in other capital accounts is governed, as a general rule, by a special system which greatly alleviates the basic fund freeze measure.

Thus, capital accounts may be debited without the authorization of the Currency Office to defray expenditures incurred during a visit to Morocco by the account holder or his family.

On the other hand, holders of capital accounts can buy treasury bonds especially issued by the Moroccan treasury for such holders. The annual interest paid on such bonds (currently 6 percent) and their redemption amount (20 percent annually) are transferable to the country of residence of the owner of such bonds purchased out of funds kept in his capital account.

Finally, foreign non-resident investors, in which we are interested here, are allowed to finance investments according to the stipulations of current investment codes, out of available capital accounts, not to exceed 50 percent of their participation in the capitalization of the enterprise, providing that the remaining 50 percent are in foreign currency.

Foreign investors who have no capital accounts may freely acquire funds for such accounts (since the transfer of capital accounts among non-residents is allowed) by paying for such funds abroad with their own assets and on the basis of an exchange rate agreed jointly with the seller of the capital account. Bearing in mind that the rate of exchange always favors the purchaser, it is financially advantageous to the foreign investor to whom exchange regulations allow the use of a capital account.

The sum of the investment made out of a capital account is also fully covered by the retransfer guarantee. However, this guarantee remains valid for no more than 5 years following the investment.

Finally, it must be specified that income from investments financed out of a capital account is equally transferable under the conditions governing revenue from investments financed in foreign exchange, i.e., it is subject neither to restrictions nor limitations.

Main Innovations Based on the February 1983 Instruction on Investments and Operations Involving Transferable Securities

As I emphasized, currency regulations evolve constantly. Quite recently, in February 1983, a new Currency Office instruction on investments and operations involving transferable securities was issued. Its purpose is twofold:

1. To codify and simplify the various so-far uncoordinated measures regulating foreign exchange, applicable to investments and operations related to the stock market and transferable securities. Henceforth this new instruction, which was handed out to you, will be the only applicable one in these areas.

It is part of the overall codification project undertaken by the Currency Office, already seen in the publication of some texts, a circular among them, on account settling between Morocco and foreign countries (August 1980), a circular on securities (May 1980), an instruction on the imports system (June 1982) and an instruction on investments. The project will be completed with the publication of further regulations governing other sectors.

2. To stipulate the new regulations within a more liberal framework.

These new regulations, which are actual reforms related to foreign investments, may be classified as follows:

1. Basic reforms;
2. Procedural reforms;
1. Basic Reforms:

The major innovation compared to the previous system is that no distinction will be made between foreign investments, i.e., investments financed by non-resident foreigners, and investments made by foreign residents but financed through foreign-exchange transfers or by debiting a foreign exchange or convertible dirham account. This means that the retransfer guarantee is extended to physical persons of foreign nationality who want to make investments in Morocco and finance them by transferring foreign currency to the Bank of Morocco.

It is also stipulated in their case (i.e., in the case of physical persons of foreign nationality, Moroccan residents, investing through currency transfers) that they are allowed to transfer 30 or 50 percent of their revenue from such investments, similar to the system governing salary savings.

On the other hand, as part of more liberalized regulations, the new instruction no longer requires the authorization of the Currency Office for some investment operations (investments within the framework of the various investment codes; henceforth, such operations will be governed by simple a posteriori registration formalities in order to benefit from the guarantees applicable in their case). The new instruction, which introduces special provisions related to investment transfers or liquidation, will no longer require the authorization of the Currency Office regarding investments benefiting from the retransfer guarantee.

Finally, the possibility of engaging in stock exchange operations (purchasing transferable assets) by debiting capital accounts of non-residents has been reinstated. In such cases the retransfer guarantee will remain valid for a period of 5 years starting with the date of the operation.

2. Procedural Reforms:

Although drafted as a one-of-a-kind document applicable above all to approved intermediary banks, the new instruction is equally easy to understand by even most unknowledgeable persons, particularly investors who can find in it all the necessary information to guide and instruct them better specifically on the subject of guarantees and related formalities.

This being the case, the principle of the guarantee of capital retransfers in the case of the withdrawal of investments and that of income transferability have been, naturally, reasserted once again. The transferability of duly justified added value has been acknowledged, whereas the previous regulation required that the added value be subject to the authorization of the Currency Office, which unnecessarily frightened some investors. The new draft is consistent with the new industrial investments code.

Furthermore, the advantage of the use by non-resident foreigners of assets in their capital accounts to finance their investments have been naturally retained. Henceforth this right is granted with the only stipulation that it will not exceed 50 percent of the total foreign participation. No condition is now set regarding the capital of the Moroccan enterprise (+ 25 percent of the capital, previously).

Still within the framework of more liberal regulations, the new instruction voids the rule of annual transfer of dividends. Now the enterprises have the right to pay and transfer their profits at any time, in order to facilitate their financial management.

Furthermore, henceforth the approved intermediaries will be allowed to transfer without the authorization of the Currency Office, in accordance with stipulated conditions (submission to the Currency Office of the pertinent documents and if no contrary decision has been made by the Office within 30 days) dividends of registered companies.

Let us emphasize in this connection that the role of the approved intermediary banks has been extended and consolidated. The new instruction empowers the approved intermediary banks to engage without the authorization of the Currency Office (unlike in the past) in operations involving transferable assets or the stock market in Morocco and even abroad on behalf of their clients, whether residents or not. Thus, the approved intermediary banks have the right to purchase and sell transferable assets quoted on the stock exchange on behalf of resident and non-resident foreigners, the retransfer of which is guaranteed automatically to the extent to which such operations are financed through currency transfers to the Bank of Morocco, or debits from foreign exchange or transferable dirham accounts.

Conclusions

These are the principal and the latest measures directly or indirectly covered by the regulations on foreign exchange, favorably affecting foreign investments.

The nature of these measures has been steadily changing in the direction of a more liberal attitude and greater flexibility in Moroccan foreign exchange regulations, aimed at encouraging foreign investments.

This is the best contribution which the foreign exchange system can make in order to become an efficient instrument (or one such instrument) in the pursuit of a type of economic policy which has never ceased to encourage and stimulate foreign investments.

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INTERVIEW WITH LEADER OF REPUBLICAN BRETHREN

Cairo AL-WADI in Arabic No 47, Mar 83 pp 32-36

[Interview with Mahmud Muhammad Taha, spiritual guide of the Republican Brethren, at his residence in Omdurman, by Jalal al-Din Husayn: "Taha Says: 'Israel Will Become a Muslim Nation!'"; date of interview not specified]

[Text] Ancient Islamic law does not fit our modern age!

Islam is in need of a new revival.

All the Arabs will shake hands with Israel.

Hardly a day goes by without the Republican Brethren issuing a new fatwa [religious-legal ruling] concerning religion and life in general. Their latest surprise for us was what they told AL-WADI in a provocative interview which took place between our publication and their spiritual guide, Mahmud Muhammad Taha, in his residence in the al-Mahdiyah section of Omdurman.

We wanted to find out how they think, what their demands are, who their supporters are, and who their enemies are. What we emerged with was some provocative opinions and ideas as expressed by their spokesman. Among these ideas are the following:

Israel will become a Muslim nation.

It is in the interest of the Soviets that there be a no-war no-peace situation in the Middle East.

In the end, all of the Arab rulers will come and shake hands with Israel.

Another of these opinions is:

Liberal democracy no longer suits our times, and the same is true of democracy of the proletariat.

Still other opinions held by them are the following:

Islam is in need of a new revival.

Islamic law [the shari'ah], which came into being in the seventh century during the time of the Prophet Muhammad, is not suitable for our modern age.

The following is the text of our interview with the spiritual guide of the Republican Brethren, and this interview is expected to cause a great deal of commotion and detonate mines around us which have been silent up till this point--that is, till the publication of this interview:

The Revival Movement Called "There Is No God But God"

[Question] What are the basic foundations of the ideology of the Republican Brethren?

[Answer] Our Republican ideology arose during the mid-forties--to be more precise, in October of 1945. This was the period when the national political parties began to emerge. Before that the nationalist movement was represented by the Graduates' General Conference which had been established in 1938--an organization which we had joined as individuals and young people who were very enthusiastic about the future of our nation.

During the early part of World War I [II probably intended] the Graduates, being the vanguard of the patriotic movement, called upon the British government in Sudan to demonstrate its readiness to grant the Sudanese the right of self-determination as expressed in the Atlantic Charter. However, the British occupation authorities replied by saying that the Graduates did not have the right to speak on behalf of Sudan. They said that the people who did have the right to speak on behalf of Sudan were the leaders of the religious and tribal groups. The national movement then emerged from the framework of the Graduates' General Conference and began to take on the framework of political parties.

It is said that Sudan's political parties arose on the basis of sectarian groups, and this is true. In fact, there were two principal sects--the Ansar sect and the Khatmiyah sect. The Khatmiyah sect was in favor of union with Egypt and favored cooperation with the Egyptians, whereas the Ansar sect was in favor of independence and was interested in cooperation with the British.

Numerous political parties arose from among the members of the Graduates' General Conference, and the result was the crystallization of two principal parties, one of which was in favor of independence and the other of which was in favor of union with Egypt. They were the Ummah Party and the National Unionist Party.

These two parties pursued their goals of independence and union with Egypt. Those in favor of independence were pro-British, and their slogan was "Sudan for the Sudanese." Those in favor of independence wanted to get rid of the Egyptians and reach an agreement with the British concerning steps to be taken toward autonomy. Perhaps they aspired to have the British install Mr 'Abd al-Rahman al-Mahdi as king of Sudan. The unionists, however, favored union with Egypt under the crown of King Faruq.

We as Republicans felt that the age of rule by kings and emperors had already passed, especially since Hitler had swept away the thrones of Europe and caused their collapse. The trend during that period was toward peoples ruling themselves on the basis of republican and democratic principles. We were the first party to call for the establishment of a republican type of government, and we said that we wanted neither the British crown nor King Faruq's crown. We wanted things to be left up to the people [of Sudan] and wanted a republican form of government in which the people would elect a president of the republic on the basis of democratic principles.

The other foundation of our ideology is that we feel that it is necessary to bring about a new revival of Islam. The Islam that we have in mind is not the Islam of al-Azhar, nor is it the Islam of our Institute of Knowledge [al-ma'had al-'ilmil] or the Islam of the Islamic judges. In our opinion, the essence of the matter is that we should bring about the revival of a new and creative "there is no god but God" movement in the hearts and minds of men and women so that the situation will be similar to that which prevailed in the seventh century in the mountain ravines of Mecca. There should be a new revival and a new revolution launching the slogan: "There is no god but God."

[Question] How can this Islamic revival be brought about?

[Answer] The prophecy [as announced by the Prophet Muhammad] was as follows: "Islam began as something alien, it will once again be something alien as it was when it began, and blessed be the strangers." They said to Muhammad: "Who are these strangers, o Messenger of God?" He said: "Those who live for 2 years after it is obliterated."

The fundamental basis of our Republican platform is the revival of the Sunna [sayings and actions] of the Prophet. We must follow it in our own lives. The Sunna represents the actions of the Prophet himself. Muhammad was our Prophet and our Messenger. His message arose from his prophecy and was meant for the people. The Koran came to us in two parts. We have the Koran which consists of the Meccan surahs [chapters of the Koran] and it was revealed over a period of 13 years. It called for people to follow the Sunna of the Prophet, that, is, his own actions and sayings, but people did not do this.

There was a plot to assassinate the Prophet, but then God ordered His Messenger to migrate to Medina, and he did so. The Koran as revealed in Medina appeared to go down from the level of the Meccan surahs to the level of the common people of the seventh century, and this gave rise to the jihad [holy war]. The Meccan surahs did not call for the jihad. But when the Prophet migrated to Medina and the Medina portion of the Koran began to be revealed, the jihad began. This is why the Prophet said in Median: "I have been ordered to fight people until they testify that there is no god but God and Muhammad is the Messenger of God, and until they perform prayers, give alms [the zakat], make the pilgrimage to Mecca, and fast during the month of Ramadan. If they do these things, I will safeguard their property and their lives. God will guide them in their actions."

The jihad then began at the great battle of Badr, and then the Islamic conquests began. This marked the beginning of the great conversion to Islam during the final 10 years of the Prophet's life.

Islamic law is based on the Koran as revealed in Medina, and it was meant for the society of the seventh century. It is not suitable, in all of its aspects, for our present age!! Islamic law deals with three matters-- economics, politics, and society. When it was handed down to us, it was meant for the seventh century, but it is not suitable for the twentieth century!!

Our platform basically calls for a revival of religion in order that it deal with and solve the problems of modern man. By "modern man" I mean people or individuals who are living in the twentieth century and in twentieth-century society.

[Question] Why do you say that the legislation included in the Koran of the seventh century is not suitable for the society of our modern age?

[Answer] Not all of its aspects are suitable. It is suitable in matters concerning religious observances, legal punishments, and the law of retaliation. However, when it comes to matters such as politics, economics, and society, it is not suitable.

Equality Between Men and Women

[Question] Islam arose for the purpose of regulating the various aspects of the life of the Muslims. The Koran contains a detailing of the matters of our life as Muslims, and there is no room for individual interpretation [ijtihad] concerning these matters. They include, for example, inheritance, marriage, divorce, fasting, and performing prayers. There are also matters which, both in the Koran and by the Sunna of the Prophet, were dealt with in the light of general principles and were not set forth in detail. They include matters covered by the phrases "counsel them in the matter" and "order them to counsel each other." This is a call for democracy and for freedom, but it does not determine the form of the system by which we should achieve freedom and democracy. In your opinion, does this mean having a one-party political system, having a multi-party system, or allowing matters to sort themselves out in accordance with the requirements of a given society and the degree of its development?

[Answer] The Koran has both basic principles [usul] and rules and regulations [furu']. The Koran as revealed in Mecca has the basic principles, and the Koran as revealed in Medina has the rules and regulations. Islamic law is based on the Koran as revealed in Mecca. The phrase "counsel them in the matter" does not mean democracy. Counselling is something which a wise person does for incapable persons in order to train them so that they can solve their own problems and take care of themselves. This counselling is not something which is obligatory for a wise person. Also, what is commanded by an incapable person is not obligatory for a wise person. The accounts for the verse: "Counsel them in the matter, and if you have decided [upon

something], then trust in God." This means that if their opinion is the same as your opinion, then act accordingly and trust in God. But if the opinion of a group of people differs from the opinion of a wise person, then a wise person should act according to his own opinion and then trust in God since the opinion of an incapable person is not obligatory for a wise person.

Counselling, then, does not mean democracy. But we want democracy. Koranic verses dealing with democracy were abrogated. The verse "Remember that you are only to remind [people] and are not to dominate them" was abrogated.

The second example concerns economics. What was revealed in the Koran concerning basic principles having to do with economics was abrogated and replaced by the rules and regulations concerning economics. Among the rules and regulations we find the following verse: "Take, from their property, an alms tax with which to chasten and purify them, and pray for them, for your prayers mean tranquility for them." This verse resulted in the alms tax which amounted to certain quantities of certain people's property. This was the financial system. Poor people had a right to the property of rich people, and we took money from the rich in order to give it back to the poor.

But if we proceed from the practice of Islamic law ("Take, from their property, an alms tax") to the Sunna, which is the sayings and doings of the Prophet ("When they ask you what they should spend, tell them they will be forgiven"), we find that we are advancing from the principle of merely taking something to a level which is higher, and which we could call the principle of socialism.

The alms tax consisting of particular amounts of money was something which existed in a society and system which was capitalistic. In such a society there is nothing to prevent an individual or a small number of persons from achieving ownership of the means of production. Socialism did not exist, and it cannot exist unless it is prohibited for persons to achieve ownership of, and monopolize, the means of production.

As you see, there was a type of development, concerning financial matters, from a verse in the Koran as revealed in Medina to a verse in the Koran as revealed in Mecca [as published]. An example of this is the subject of giving counsel. As we have said, counselling does not mean democracy. The verse "Remember that you are only to remind [people] and are not to dominate them" abrogates the verse "Counsel them in the matter, and if you have decided [upon something], then trust in God." This shows development from the level of providing counsel to the level of democracy where the opinion of the majority is obligatory rather than merely being a consultative opinion.

Also, with regard to men and women, in the Koran as revealed in Medina there is no mention of equality between men and women. One finds the verses "Men are the guardians of women since God has favored some people over others and by virtue of what they have spent of their property" and "Virtuous women are the ones who are pious and mindful of the divine world which is protected by God, and as for those women whose recalcitrance you fear, admonish them, leave their bedside, and beat them."

This situation is one which confers power to men both according to the Koran as revealed in Medina and the Koran as revealed in Mecca. It was abrogated by the verse in the Koran which was revealed in Medina and which said: "Women are to be treated well and are to treat men well, and men are to be one level above them." This means that women are to have rights as well as duties, and this verse grants women the opportunity to be equal to men.

Democracy of Enlightenment and Revolution

[Question] What is your view of democracy? How can we prevent the tyranny of a ruler and the emergence of hotbeds of corruption and centers of power?

[Answer] Liberal democracy which is based on a multiparty system and diversity of opinions is no longer something which is suitable. It is not suitable because it has ignored the aspect of economics. All it does is to provide citizens with an election ballot. But what about the capitalist who is able to dominate the media and orient the media in such a way as to have it shape public opinion as he wishes? Liberal democracy is no longer something which seeks truth and justice and seeks to protect freedom and equality. Liberal democracy has come to mean merely protecting the party which an individual belongs to.

Liberal democracy brought forth a response resulting in the movement which calls itself "democracy of the proletariat." But this, in reality, is a distortion of democracy. It actually is the dictatorship by a minority, which turns out to be either the members of the Communist Party or the leaders of the Communist Party. The communists do not provide any opportunity for freedom.

We do not feel that nations of people achieve democracy merely by receiving a constitution and the right to vote or by merely having a parliament established. No. Our view is that this is not sufficient in order to bring about democracy. Our platform is basically that of reviving religious faith among our people in order to enlighten them, revolutionize their thinking, and make them realize that "there is no god but God," so that people will feel that they are responsible both to God and to society. When a nation of people reaches this level, it will then be possible to have a single organization which could include everyone, which would seek truth and justice, and which would establish justice. When this happens, people's lives will be governed by [rulers who rule by] means of righteousness and justice rather than deceit.

[Question] God--may He be praised and may He be exalted--said to His Prophet: "You do not guide whomever you like, but rather God guides whomever He wishes to." There is also another verse which says: "If your Lord so wished, He would safeguard all the people on earth, and as for you, you [must] compel people to be believers." There is also another verse which says: "Whoever wishes to believe, let him do so, and whoever wishes to be an unbeliever, let him do so."

My feeling is that Islam preceded Voltaire and the other philosophers as far as proclaiming freedom of thought and religion are concerned. In your opinion

does freedom in an Islamic society permit the existence of a party or an organization representing those who deny the existence of God, that is, the communists?

[Answer] In the Islamic constitution there is no restriction concerning a citizen's freedom. A citizen has the right to adhere to whatever ideas he wishes to, and he has the right to promote these ideas by democratic means. If he is an atheist, he had the right to put forth his ideas and his atheism to serve his interests and the interest of society, and he has the right to oppose others on television, over the radio, and on the pages of newspapers and magazines. A citizen who has a particular way of thinking and does not adhere to Islam has the right to use democratic means to promote the ideas which he adheres to.

Those who are versed in Islam have the right to confront him with their ideas and arguments and to attempt to dissuade him from his ideas. In the Islamic constitution there is no restriction on people and there is no restriction concerning freedom of thought and freedom of religion. The basis of this is the two verses "And say: The truth comes from your Lord. Whoever wishes to believe, let him do so, and whoever wishes to be an unbeliever, let him do so," and "There is no coercion in the True Faith. The right path has been distinguished from the path of error."

The Arab-Israeli Conflict

[Question] The Republicans have an opinion concerning the Arab-Israeli conflict which is based on the necessity of adopting [the approach of a] peaceful solution as a means toward achieving the radical solution [which is necessary for the problem]. Israel bombed the Iraqi nuclear reactor, proclaimed the annexation of [Weatern] Jerusalem and the Golan Heights, and is vigorously pursuing the Judaization of the West Bank. Do you believe that such an Israel is actually pursuing peace and can accept a peaceful solution and a peace based on justice?

[Answer] Our view is that the whole world needs peace. Islam is a religion of peace. Right now the Arab nations do not have Islam. The Arabs are not Muslims. The Arabs are living off the refuse of Islam and the refuse of Western civilization. Their morals are distorted ones. They are neither the authentic morals of Western civilization nor the authentic morals of Islam. When Islam arose, it arose in the midst of two powers--an Eastern bloc which was the Persian Empire and a Western bloc which was the Byzantine Empire. Islam defeated both of these powers and absorbed both of them.

Today it is as if history is repeating itself. We have an Eastern bloc which is communist and a Western bloc which is capitalist. The Arabs' problem is not Israel. The Arabs' problem is an internal problem, and what the Arabs must do is to correct their situation by means of a religious revival which will restore their glory to them. When that happens, Israel will no longer be a problem for the Arabs. If the Arabs refuse to make peace with Israel, then this means that they must wage war. But such a war would be a war against the U.S. and the West.

When Nassar nationalized the Suez Canal in 1956, we were the only voice which was in opposition to this nationalization. Some people thought that our position was strange. In principle, we had no objection to nationalization, but we felt that the nationalization which took place in the form that it did was an act which provoked the West. The Suez Canal was of strategic interest to the West. Nationalizing the Suez Canal meant putting the West into a straitjacket and threatening its interests.

We were not able to confront the West and stand up to its military power, so we consequently resorted to seeking help from the Soviets. And the Soviets, whom we claim are helping us, have recognized Israel. The Russians have not stood by the Arabs except in order to further their own interests. We think that Nasser should have either compensated the [Suez Canal] shareholders if they would have been satisfied with this compensation or else he should have let them keep the canal for 12 more years, after which time the canal concession was supposed to end and it was, in general, to be fully returned to Egypt. Israel today is a nation recognized by the UN, and the U.S. and all of the West stand behind Israel. We must pursue peace because war will not solve our problems.

When Sadat, possessing his mental and intellectual courage, embarked upon his visit to Jerusalem and called for peace, we supported him. We said that the Arabs should not let this opportunity for peace slip by. Camp David is the solution. Our constant struggle has forced us to open up our countries to the Russians. The Russians have become influential in Libya, Syria, the PDRY, Iraq, etc.

The Russians and the Americans

[Question] Are the atheistic communist Russians the problem? In the field of international relations, nations always have to take their own interests into account regardless of ideologies and regardless of whether this or that nation espouses religions or is against them. The Soviet Union helped Egypt and helped the Arab nations before the 1967 War. After the defeat of 1967 the Soviet Union helped us to rebuild our armed forces and helped us to implement economic development projects. We should not adopt a hostile attitude toward the Soviets merely because they are atheists. Is this not so?

[Answer] We should also not be hostile to the Americans. It was in the interest of the Soviets that there be neither war nor peace in the Middle East. We deluded ourselves into thinking that the weapons which they gave us could be used by us to wage war and to be victorious. We were actually induced into waging war. This was the treachery committed against us by the Soviets.

The path pursued by Sadat was the path of peace. It is the path which is being pursued right now by Husni Mubarak, and it is the path which all Arab rulers and heads of state will be pursuing. In the end there will be negotiations with Israel and Israel will be recognized.

[Question] What about the verse from the Holy Koran which says: "Fight them wherever you find them, and expel them from wherever they have expelled you"?

[Answer] This is true as far as your first situation is concerned. But as for your second situation, your religion is not a religion of war, but rather a religion of peace. The value of Islam for the whole world is that it should bring peace to the world rather than having people declare war. Peace is the thing that we have lost in our age, and Islam stands for peace.

[Question] The Prophet said that the day would come in which we would fight the Jews and the stone would speak and would say to the Muslims: "There is a Jew behind me, so kill him." What about this?

[Answer] No, no. We will not be fighting the Jews because the Jews are going to become Muslims!! The problem will be solved because the Jews and the people of all creeds will become Muslims. Israel is going to become a Muslim nation. Let us not forget the verse: "He is the one who has sent down His Prophet to provide guidance and the True Faith, and he shall learn about the entire faith and God shall be his best witness." God is going to provide guidance to all people. The Palestinian problem will be solved because the Jews are going to become Muslims. We must pursue the road to peace because, if we wait another 2 or 3 years, the entire West Bank and Gaza Strip will become Judaized. If this happens, it will not be possible either by means of war or peace to get the Jews to leave.

Suggestions to the Palestinians

[Question] And what are the Palestinians supposed to do?

[Answer] They should go to the negotiation table and renounce their idea of the armed struggle against Israel. They must coexist in peace with Israel. Camp David represents the solution to the problem of the Palestinians.

[Question] And what should our attitude be toward the freedom-fighters [mujahidin] in Afghanistan?

[Answer] As Arabs and as Muslims we must, of course, help the freedom-fighters to defend Islam against the menace of communism and order that the Soviets be compelled to withdraw.

[Question] And why do not the Palestinians also have the right to defend themselves??

[Answer] Are they really able to defend themselves and to gain anything by force of arms?

[Question] Everything is possible!

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SUDAN

ADMINISTRATIVE OVERSIGHT COMMITTEE CONDEMNS REGIONAL LAND AUTHORITIES

Khartoum AL-SAHFAH in Arabic 21 Feb 83 p 4

[Article by 'Adil 'Uthman Sharif: "Assembly Receives Information about Outcome of Paris Club Meetings; First Report from Administrative Oversight Committee; Land Authorities in Dungula Condemned"]

[Text] The People's Assembly began work on its agenda during the past week by listening to a detailed statement from the minister of finance and financial planning about what was achieved in recent meetings with a group of countries that are members of the Paris Club. This is regarding the matter of debts that Sudan has to pay this year. Sudan has to pay 390 million dollars before next December. Sudan will also have to continue making payments in the coming year and in following years in excess of 400 million dollars to the countries of the club.

In this regard the minister explained to the assembly that he succeeded in rescheduling the loan for 6 years. Thus the loan would be paid back over a period of 10 years. Paying back the loan [according to the new schedule] would not be burdensome for Sudan; the payments would not exceed 50 million dollars a year.

The minister also indicated in his statement that the countries of the group agreed to grant Sudan this relaxed policy in 1984 if the country remains committed to its declared financial policies of austerity and earnestness. Sudan has been pursuing this policy to remedy its problems so it can restore economic balance to the country soon.

The statement also included a survey of the aid Sudan received to support [its] balance of payments, [its] development and the rescheduling [of its loans]. This aid amounted to 1.35 billion dollars. Assembly members praised the minister's statement, affirming that although this policy was harsh, it seemed to be the most appropriate one at the present time.

During the same session assembly members heard a report from the committee on the economy, the plan, food supplies and industry. The report dealt with the temporary order pertaining to the law sanctioning the third commodity loan agreement between the Democratic Republic of Sudan and the 1983 Japanese Fund for Overseas Economic Cooperation. The report made it clear that this loan was made by the government of Japan to contribute to the declared economic concentration program about which an agreement was signed between Sudan and the Japanese Fund for Overseas Economic Cooperation. This agreement, which was signed in November

of last year, stipulates that Sudan would borrow 2.5 billion yen [or] the equivalent of 10.5 million U.S. dollars at an annual interest rate of 1.5 percent on the capital that has been withdrawn. Sudan would pay back the loan in semi-annual installments. The loan would be paid back in 40 consecutive and equal installments. Each installment would be 65,975,000 yen payable on 20 May and 20 November of each year.

The report indicated that funds from the loan would be used to pay the costs of purchasing goods and services from Japan, from countries of the Cooperation and Economic Development Organization and from all developing countries. Funds from the loan would be used to advance development projects in Sudan. The report listed the most important commodities that are likely to be financed by this loan. These are medicinal drugs for humans and for animals, mechanical rollers for roads, pumps, lifting and delivery equipment, excavating equipment, electrical equipment, mobile parts for the railroad, bicycle equipment, passenger cars, trucks, trailer rigs, trolleys, and parts and attachments for passenger cars and trucks.

The committee commented on the temporary order, emphasizing the need to approve it because of the flexible and easy terms of the loan which does not tie us to the country that is loaning us the money [by requiring us] to market its products. The temporary order was unanimously approved by the assembly.

The third item on the agenda was another report from the Economic Committee about the temporary order pertaining to the customs law, "The 1982 Amendment to Domestic Fees and Consumer Fees." The report stated that this matter imposes production and import fees on some commodities. Accordingly, fees were reclassified: instead of being based on product classification, they were now based on product value. This goes along with the recommendations made by the Worldwide Customs Association since this kind of taxes are distinguished by the fact that they go along with price fluctuations. In other words, the fees rise when prices rise and they fall when prices fall. Therefore, these fees are fairer than those which are based on product classification. It is only for this reason that production fees on the following commodities were amended. Instead of being based on product classification they were now based on product value. Production fees were amended for noodles and vermicelli--it is expected that returns on these 2 items will be 170,000 pounds; for dry batteries--and it is expected that returns on them will amount to 338,000 pounds; for inorganic detergents, including soap, powder soap and liquid soap--and it is expected that the return on these commodities will be 50,000 pounds; for tiles--expected returns on tiles are 280,000 pounds; for carbonated beverages--and it is expected that the return on them will be 723,000 pounds; for soap--returns amounting to 2 million pounds are expected for the treasury; and for beer--the anticipated return from the amended production fees for beer is 7 million pounds. The return anticipated from amending the fee classification for some other locally manufactured alcoholic beverages is also 7 million pounds.

The report indicated that the committee approved the fees that were imposed on alcoholic beverages, but it objected to the fees that were imposed on some consumer goods that are essential and important in the lives of citizens. Soap, noodles and vermicelli are among these goods. It was evident to the committee that these fees were imposed on these products because of the financial budget which was determined by the conditions generated by amending the rate of exchange

for the Sudanese pound. This change in the rate of exchange was accompanied by increases in salaries and wages; it is estimated that these increases will cost 30 million pounds. Total returns from fees imposed on these commodities amount to 17.5 million pounds. These fees will cover part of that burden of salary and wage increases. Therefore, the committee recommended approval of the temporary order.

The members' discussion of this matter was fruitful and earnest. Most of their attention was devoted to the notion that goods forbidden by religion, such as alcoholic beverages, were not to be used to produce revenues for the state's treasury. Members strongly attacked the temporary order from this aspect. However, the fact that this matter had been in effect for some months damped the objections that were being made to it, and this compelled the rest of the members to approve it despite these objections.

The assembly devoted Tuesday and Wednesday to hearing the report of the Administrative Oversight Committee about the complaint that was submitted by assembly member 'Abdallah Hamad al-Zubayr against the land authorities in Dungula and others. Stated briefly, this complaint rests on the fact that a citizen had a 99-year lease for irrigated farms numbers 49, 50 and 51 in the city of Dungula. In January 1979 an area of land was distributed [to people] and divided into 36 housing lots; the area of each lot was between 500 and 600 square meters. An improvement tax of 350 milliemes per square meter was paid. This area was annexed to the city of Dungula but no decision had been made to change the surveying maps. Part of this land belongs to the village of Aqjah which is near the city of Dungula. The citizen sold these lots at a price that was between 5,000 and 6,000 pounds per lot. Also the housing plan for the city of Dungula had been announced, and any action on land for housing should have been postponed until the announced housing plan was completed. The report stressed that all this was considered action on government land that violated the laws and provisions regulating land and housing. This action also caused the state to lose large amounts of money.

After considering the complaint and hearing [the testimony of] officials, the committee found then executive director of the Northern Region guilty of the charges brought against him in the complaint. It also found the chief land inspector of Dungula and the director of records guilty of the violations that were committed regarding the distribution of irrigated farms numbers 49 and 50. The committee also recommended that these officials be reckoned with for their failure to do their duty despite the availability of expertise, information, laws and publications in their offices. The committee also recommended that the forementioned decree be abolished regarding irrigated farm number 51 which was not turned into land for housing. The committee made the same recommendation for any other areas which had not been disposed of; all such land would be considered state-owned.

The committee also recommended that any land which had been disposed of as a result of this wrong decision by regional authorities be dealt with in accordance with the law. The recommendations also stated that land authorities which are to follow up on what is taking place regarding disposal of land in the capital and in the regions were to ascertain that the proper laws, provisions and principles were being applied.

The committee recommended that legislative and executive authorities and the public prosecutor review the laws and publications pertaining to land; urban

planning; rural planning; and the distribution, use and disposal of land. The committee recommended that the gaps and shortcomings in those areas be treated, particularly after autonomy for regional governments goes into effect.

Before presenting the report Mr Ibrahim Hasan Idris, vice president of the People's Assembly and vice chairman of the Administrative Oversight Committee touched upon the activities, the jurisdictions and the dates of work for the Administrative Oversight Committee. His excellency said that 89 complaints had been submitted to the committee and that 7 of these complaints had been investigated and settled. The committee has completed its investigation of four other complaints. The other cases, however, are still being looked into. The committee has also looked into administrative oversight committees in the regional people's assemblies [to ensure that] these committees are practicing their right to oversee executive agencies. The members called for cooperation with the committee.

8592
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SUDAN

DETAILS OF POWER IV PROJECT PROVIDED

Khartoum AL-AYYAM in Arabic 16 Feb 83 p 3

[Article by 'Umar Isma'il and Fawziyah Muhammad: "Dr Sharif al-Tuhami Says, 'The Aim of the Power IV Project Is To Provide 220 MW of Power; Power III Project To Be Completed in May 84 and To Provide 180 MW of Power' "]

[Text] Dr Muhammad Sharif al-Tuhami, minister of energy and mining indicated that the conference to review the Power IV Project comes at a time when we are facing two choices: either we settle the matters and difficulties that are facing the proper operation of electrical energy, or matters will go out of control, steps will falter and the crisis of electrical energy will become chronic throughout the eighties.

After addressing the conference in the large hotel [where the conference was held], Dr al-Tuhami indicated in a statement to the press that the aim of the project was to furnish 220 MW of power to the national system. This power will be generated by hydroelectric and thermal means to ensure the use of these integrated systems to provide electricity regularly the year round. Dr al-Tuhami indicated that the cost of the project amounted to 1 billion Sudanese pounds. He said that it was hoped that local and foreign investors would understand and grasp the project and approve its plan so that sources of financing can be found for the project.

The minister went on to add that the aim of the project was also to list electricity needs throughout the country. This list would then become the strong foundation for local development in all industrial, agricultural and service sectors. The minister emphasized how important it was for all sectors of consumers to participate in the conference so that the [power] needs of different sectors throughout the eighties can be determined.

On the other hand, his excellency added that the Power III Project will be completed in May 1984 with the installation of two thermal stations in (Bari). Altogether the project will provide 180 MW of power; 80 MW of that power will be generated hydroelectrically.

In his address to the conference Dr al-Tuhami dealt with the difficulties the power industry faced in the past and the difficulties it is facing in the present. He also spoke about the problems he expects in the future. He touched upon the al-Damazin-Khartoum power system regarding the problem of transformers

and the heavy consumption of power in Khartoum. This heavy power consumption has created instability in the power supply. The minister referred to the cost of thermal energy in generating electricity--about 8 million dollars every year--and he also dealt with public investment policies in the eighties and early nineties. He said that these policies made it necessary that power be available.

Mr Muhammad Nasr Abu Bakr, director of the National Electricity Corporation also addressed the conference. He welcomed the delegations that were taking part in the conference, and he reviewed the problems and difficulties that electricity in Sudan is facing. He talked about the heavy consumption of electricity which has resulted from the establishment of numerous development projects and industries and from the increased consumption of citizens. He also spoke about the pressures the corporation was facing to provide electrical power. [He said], however, that all these problems can be overcome with the establishment and implementation of the Power IV Project to cover the future needs of the country. New power generating stations will be built and transmission and distribution lines will be set up to strengthen both the national and the regional system.

It is worth noting that the first seminar for discussing the plans and programs of the Power IV Project is being organized by the Planning Council of the National Electricity Corporation. Two companies are taking part in that conference: Alexander Gibb [Company] and Myers Maclean. They are participating as two principal consultants for the project. [Other conference participants include]: the International Bank for Reconstruction and Development [IBRD], U.S. AID, British and German aid [agencies]; representatives of Italy, France, Denmark, Sweden, and the Netherlands; and 23 other foreign companies.

Conference sessions will continue till Thursday morning, the day after tomorrow. The conference will issue specific recommendations based on studies that were presented, on project plans and on financing means.

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BRIEFS

LAND DISTRIBUTION SCANDAL--The public prosecutor has agreed to put on trial within the next few days the first group of defendants accused of land distribution violations in al-'Usharah. The defendants--and there are 14 of them--will be tried in State Security Court under Articles 154, 362, 408 and 410 of the Penal Code and under Article 9 of the Illegal Gain Law. A committee was formed to grant beneficiaries on the list [the lots they should have] but did not receive from the al-'Usharah Replanning and Land Distribution Committee. Measures for these people had been deferred because the distribution committee had suspended its activities. [These beneficiaries are to be granted the lots that are due to them] after their cases are subjected to the new review form and their legal claim to the land established. The public prosecutor agreed to complete registration measures for the lots of those who are not beneficiaries and with whom a settlement has been reached. The public prosecutor also agreed to look into any other settlements with those who acquired lots they were not entitled to, provided that any appropriate standards be taken into account. After that the committee is to continue its work to bring the second group of defendants to trial. SUNA indicated that in the next 2 days the investigating committee will publish complete lists of the names of beneficiaries. It will also publish lists of the names of people who acquired lots of land to which they were not entitled so that the investigation can be completed and the land returned. Ownership of the land will revert to the government. On the other hand, a committee will be formed under the supervision of the Ministry of Construction and Public Works to consider the special recommendations on beneficiaries or on those who have payment vouchers to the Minister of Construction and Public Works. The committee will oversee the measures of granting beneficiaries the lots of land in light of the recommendations made by the investigating committee. It is worth noting that the committee which was investigating land distribution violations in al-'Usharah was formed by the public prosecutor early in 1981. The committee is chaired by Mr Muhammad 'Ubayd Ibrahim, the legal adviser in the public prosecutor's office. The committee recently submitted its report to the public prosecutor. The committee had filed reports against more than 200 individuals for fraud, forgery and giving false information. The report included [the names of] former members of the distribution committee and council presidents. The committee was able to retrieve 211 lots whose worth is estimated to be about 5 million pounds. [Text] [Khartoum AL-SAHFAH in Arabic 16 Feb 83 p 1] 8592

CANNING AND WOOD PROCESSING--Engineer 'Uthman Ahmad 'Uthman, chairman of the Committee for Popular Development in the ruling National Democratic Party in the Arab Republic of Egypt stated that an agreement was reached during the recent visit that Mr Joseph Lagu, vice president of the Republic of Sudan made to the Arab Republic of Egypt. This is an agreement to send a number of Egypt's popular

development experts to the Southern Region of Sudan in the next [few] days to study the establishment of a number of popular development projects in the region. Among these projects will be projects to process wood and to can fruits and vegetables. Engineer 'Uthman Ahmad 'Uthman added that an agreement was also reached to send a number of political leaders in Sudan's Southern Region to Egypt in the next [few] days to study Egypt's popular development experience and to find out its nature for the purpose of using that experience in developing the Southern Region, an area rich in resources. The Southern Region has vast areas of land, about 100 million feddans, that are suitable for agriculture. On the other hand, an agreement has been reached with Dr Yusuf Wali, the minister of state for agriculture and food security in the government of the Arab Republic of Egypt to have a number of agricultural experts from Egypt examine the arable land in the Southern Region of Sudan and take the measures that are necessary for utilizing that land in major agricultural projects. [Text] [Khartoum AL-SAHFAH in Arabic 16 Feb 83 p 1] 8592

EMIGRANTS ASKED FOR FUNDS--Before the National Congress of Sudan's Socialist Union was convened, Sudanese diplomats in the Gulf region went to areas where Sudanese expatriates congregate to ask for contributions to finance the costs of convening the congress. Many skirmishes were associated with this solicitation of funds which caused no end of embarrassment to those diplomats. In one Gulf country a meeting was adjourned when an expatriate told the Sudanese ambassador that Numayri had mentioned in one of his speeches that 6 million persons were members of the Socialist Union. The man then asked, "Why doesn't each member pay 20 piasters to cover the expenses of the congress?" On the other hand the capital of Sudan is talking about a fire that broke out in the home of a Socialist Union administrator. The woman [whose house caught fire] said she lost 25,000 pounds in cash in the fire; she said the money was in the house. She said she had not deposited the money in the bank because this was "pocket money." The question that is on people's minds right now is this: "How much money does this Socialist Union member and administrator and other senior administrators have in the banks if 25,000 pounds constitute mere 'pocket money' that they keep at home?" [Text] [London AL-DUSTUR in Arabic No 276, 7 Mar 83 p 13] 8592

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DEVELOPMENT OF WEST BANK SETTLEMENTS DISCUSSED

Tel Aviv MA'ARIV in Hebrew 12 Jan 83 p 21

[Article by Amos Levav: "'The Period of Temporary Construction in Judaea and Samaria has Ended'"]

[Text] "Our policy is to create productive enterprises that will suit the level and type of demand for work in Judaea and Samaria," says Eliyahu Atiyah, who serve as consultant to the minister of commerce and industry for development of industry in Judaea and Samaria and the Gaza Strip. "We are trying to direct industries requiring a skilled worker to these areas. The level of the population there is higher. These are, of course, industries interested in ministry assistance."

Today there are industrial areas at Qiryat Arba, Mishor Adumin, Ma'aleh Ephraim, Ari'el-Bet Aba, and Karnei Shomron. Soon to be built is an additional industrial zone in the Rihan block of northern Samaria.

"We are operating under strict control," says Eliyahu Atiyah. "We start on a small scale, see the possibilities and needs and develop gradually."

Today in Judaea and Samaria there are 200 factories and workshops; primarily small workshops. They receive the same assistance as authorized enterprises in development areas within the green line.

"There is greater demand for Samaria," Eliyahu Atiyah confirms, "but we are highly selective. We decided that a factory authorized for establishment in Samaria must export and must have a high-skill component. Factories in the area must also construct their own facilities."

Authorized plants receive a 40 percent loan and 35 percent in grants. Only 25 percent is private investment capital. They also receive tax benefits. "Development towns have certainly not been neglected because of Judaea and Samaria," says Eliyahu Atiyah. "Plain and simple: they've not been neglected. A factory requesting to move to Samaria from a development town recently received a negative response from us."

Eliyahu Atiyah also feels the growing momentum of the past year and a half. Some are asking questions about the future. Atiyah leaves the decision up to them and guarantees them nothing. "I don't go into that matter," he says. "It's not my responsibility."

Keren Yanai is a government fund which provides "political insurance." The fund insures against possible [Israeli] withdrawal. Many enterprises establish themselves in Judea and Samaria, but insure themselves against withdrawal just in case.

Asher Viner is the director of the Ministry of Construction and Housing. Yosi Margalit is the head of the Authority for Rural Construction and New Settlements. Both men are now building in Judaea and Samaria. "We brought about two big changes," Viner says. "We started building cities and urban settlements in Judaea and Samaria and moved from complete to partial subsidization. This means that the state is responsible for overall planning and development of public institutions, it provides interim financing for contractors and recoups the development costs from the purchasers."

The contractor receives land from the state at five percent of its value. It also receives partial financing of construction. In places where there is a chance that Jews will not come to live, the Ministry of Housing participates in the risk by purchasing some of the apartments. "In Judaea and Samaria construction costs are both lower for us and for the private individual than in Qiryat Shemonah," says Asher Viner. "In the areas for which there is demand, costs are much lower."

Mr Viner is proud of the changes which his office has brought about. "Public investment has been greatly reduced. No one believed that people would come to build their houses in Judaea and Samaria," he says.

At the Ministry of Housing they say that Mati Drobels, head of the Settlement Department of the Zionist Organization, has nothing left to do in the field. About two months ago it was decided by the Ministry of the Treasury, the Ministry of Construction and the Zionist Organization's Settlement Department that all construction would be carried out by the Ministry of Construction and Housing. The emphasis would be placed upon permanent settlements and further construction of temporary structures would be avoided. IS 460 million have already been transferred to the Ministry of Housing for this purpose.

People at the Ministry of Construction and Housing are angry at Michael Dekel, deputy agricultural minister and they have the support of other government ministries and the Jewish Agency. "What is the deputy agricultural minister doing?" they ask. "He has a secretary and an assistant. But what have they achieved? What settlements has he established?"

After Michael Dekel set up a committee to study the idea of land allotment to private enterprises, Asher Viner wrote to him: "Permits for construction and allotment of land are awarded without adequate examination of the possibility of integrating settlements into regional plans and without guaranteeing the future minimal population conditions for conducting organized daily community life... I see no possibility for continuing the system whereby investors are referred to the offices of Leshem Infrastructure Construction to receive aid for settlers and for construction of public facilities which require large budgetary resources and preparation, without prior examination of the offers by my office..."

"There must be planning by a central body," says Viner. "The infrastructure must be taken care of."

Yosi Margalit adds: "Establishment of a settlement must take into consideration its place in the region as a whole. It must fit into the general framework. The basis for establishment of a settlement should not be the desire of someone taking the initiative to settle, but the potential for its integration in the general settlement framework."

Viner: "We welcome every initiative, but each must be checked. As far as we are concerned, that allotment committee doesn't exist."

I said to Viner: "The impression has been created that there is no one in charge." He answers: "The defense minister is master."

Question: And who coordinates?

Viner: "The Ministerial Committee for Settlement Affairs decides on establishment of settlements. The Ministry of Housing plans, develops and builds."

Margalit: "The era of temporary construction is over. During that period they wanted to create a presence in the area. In the future, if there is need for temporary construction, we will put it up."

Question: Has the subject of planning and construction been settled?

Margalit: "Yes. There are regional councils with control, like in Israel. If there is an irregularity, the wrongdoer is tried under Jordanian law at Qiryat Arba."

Question: Does the momentum in building in Judaea and Samaria come at the expense of construction in the Coastal Plain?

Viner: "We build in accordance with government policy. In the Coastal Plain there is a shortage of land. The option is Judaea and Samaria. In the Galilee there are 10,000 apartments ready with preferred assistance, and people don't come to live in them as fast as we would like. There are no empty apartments in Judaea and Samaria."

Question: Is not the demand artificial?

Viner: "Commerical construction companies won't take risks without reason. They understand the market. They don't build apartments for nothing."

Question: Does not all of this building mean annexation?

Viner: "We are working in accordance with government policy."

The Ministry of Construction and Housing has invested a total IS 3,560 million in Judaea and Samaria over the past year. The ministry invested IS 4,547 million in urban development [in Israel].

The Ministry of Communications has also been involved in Judaea and Samaria during the past year and a half.

Paul Weisbach, an engineer of the works department of the engineering management at the Ministry of Communications stated: "The plan started at the end of 1981, following instructions issued by Minister Mordekhai Zippori. Until then, the ministry dealt with minimal solutions in Judaea and Samaria."

The plan is divided into two phases: "First, communications solutions for settlements (no fewer than 10 telephones for each settlement); second, a telephone for anyone requesting one within one to two years. The total would be about 15,000 telephones.

The investment in Judaea and Samaria last year was IS 400 million. A small part of this budget was allocated to the Golan, the Galilee and the Gaza Strip.

Generally, the project department handles special projects, such as preparing infrastructure for telephones during President al-Sadat's visit. The project of "connecting" Judaea and Samaria with a telephone network in a short period of time has also been made its responsibility because the Ministry of Communications views it as a preferred project, requiring concentrated management. The project department also handles remote settlements.

Question: What has been done since the task was presented to you?

Weisbach: "Four new switchboards [have been set up]: at Karnei Shomron, Ari'el, Kiryat Arba and Ma'aleh Adumim. At the last settlement mentioned, there were telephones before anybody moved in. Three of these switchboards are among the most sophisticated in the world. Under construction are switchboards at Ephrat, Ma'aleh Ephraim (a replacement), Shilat and Elkanah. These, too, are the last word in switchboards. Plans are in preparation for switchboards at Imanuel, Giv'at Ze'ev, Kochav Ya'ir and Alfei Menasheh."

The Ministry of Communications carried out work in a total of 90 settlements and 1,400 telephones were installed.

"During the year, more was accomplished in Judaea and Samaria than in any previous year," says Paul Weisbach. "We are currently expanding our plan for the coming year."

Question: Does such large scale work mean annexation of the region?

Weisbach: "I would prefer not to answer that question."

(third article in a series)

8770
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TERRORIST INCIDENTS, SMUGGLING, ILLEGAL LABOR INCREASE IN SINAI

Tel Aviv YEDI'OT AHARONOT in Hebrew 3 Mar 83 pp 23, 32

[Article by Tzvi Alos: "Terrorists in Sinai"]

[Text] The two mines which exploded toward the end of last week near Kibbutz Tza'alim in the Negev, did not take the southern security forces by surprise. What is more, the people at the location which was hit, near the Negev settlements, had been expecting such an incident.

Since the Sinai evacuation in April 1982, attempts by terrorists and their agents to penetrate Israel have been focused in the northern section of the Israeli-Egyptian border--more specifically in the Rafiah and Gaza areas--over the past few months they have been pushed further and further south. The reason was, and still is: The persistent efforts of the southern command to block the northwest section of the border and the resources allocated in the way of electronic equipment and manpower. In August, two years ago, the security forces completed the construction of an electronic security fence, which stretches across many miles from Rafiah to the south. The gate, combined with the implementation of a tight network of security patrols, had brought about a sharp decrease in the number of attempts to infiltrate from Egypt into Israel through the Rafiah area.

It quickly became apparent, however, that due to the many difficulties involved in penetrating Rafiah and Gaza, the terrorists began moving further and further south. Here, too, the security forces were actively working to make penetration attempts difficult. But obviously, the border cannot be hermetically sealed. One successful operation, designed to discourage infiltration, was the digging of deep, wide canals at various points along the border. These canals could not be crossed in vehicles, often not even by camels. An infiltrator stuck in one of these canals was forced to find another crossing or abandon his plans. In either case, the result was a precious delay in time.

The Onus

Despite the impression given, however, most of the incidents which occurred since the Egyptian-Israeli border was drawn are not for terrorist purposes. More than 500 people who infiltrated from Egypt to Israel were caught to

date and the majority claimed that they came to seek employment in Israel. It is, however, clear that a significant portion infiltrated to smuggle merchandise and vehicles; some even attempted to smuggle weapons into Israel. A wave of automobile smuggling, which characterized the period preceding the evacuation, dropped off somewhat following the withdrawal. Since April of last year, security forces have recovered more than 200 private cars stolen from central Israel to be smuggled into Egypt. Obviously, this activity has dropped off dramatically following the construction of the canals along the border.

Although many of the infiltrators cross into Israel for "innocent" reasons, so to speak, such as employment or family visits and the like, the methods used in each attempted crossing is the same. This fact puts a great onus on the security forces and on the settlements strung along the border. "You never know whether the poor Bedouin who crossed the border in the safety of darkness is just looking for work so that he can buy a loaf of bread, or whether he was sent to perpetrate a terrorist act," explains a senior officer in the southern command during a briefing given a few weeks ago. IDF patrols are in constant contact with the security forces on settlements along the border. Each time an attempt is discovered and a chase ensues, the entire military and civilian network is alerted to keep their eyes open.

Guides

The civilian settlements which are particularly effected by the disturbances on the southern border are those in the "Eshkol" area. Eleven of the moshavim and fourteen of the kibbutzim in this region live in constant fear of border incidents and therefore devote a great deal of attention to the subject of halting infiltration. The discovery of an explosive device on Kibbutz Hatzerim a few months ago and the mines which exploded over the week-end, causing the death of five Bedouins, only reinforced the feeling of just how close danger is to the 7,500 citizens of the area.

Security sources from the southern command link the southern border disturbances to Peace for Galilee War. The destruction of the terrorists' organizational foundation in Lebanon forced them to seek out alternative border crossings. The Lebanese and Jordanian borders are virtually blocked insofar as terrorist activity ordered by leaders from Damascus and Amman. The Egyptian border, on the other hand, is very long and relatively easy to penetrate. In exchange for smuggling weapons into Israel, the terrorist groups are willing to pay a fortune. The Sinai area, which since the withdrawal has filled up with unemployed, hungry Bedouins, has become a comfortable seat of activity for representatives of terrorist groups. The Bedouins, whose source of income was cut off by the withdrawal, are willing to do anything to earn good money. What's more, the Bedouins know the border crossings like the back of their hands and they are capable of stealing grenades and mines from Egyptian army storehouses scattered throughout the Sinai.

The Bedouins also serve as guides and scouts for terrorist bands. The need for using Bedouin guides was increased by the installation of the security fence and the relocation of the infiltrators to the south. In these areas,

an infiltrator can lose his way easily, unless he relies on a seasoned guide. The contribution of the Egyptian army and the multi-national force along the border toward halting incidents of infiltration is nominal, according to a senior officer in the southern command.

The Egyptians have set themselves up in the Rafiah area with four police units, as required by the peace agreement. In this area, they managed to counter dozens of attempts to cross the border. But further south, where their forces are limited, their ability to catch infiltrators is far lower.

The southern command emphasizes that despite persistent efforts by security forces, they rely on citizens to pay close attention to any suspicious person seen in the area. The interrogation of dozens of infiltrators who crossed the border in search of employment revealed that their primary targets were construction projects in central Israel. A few weeks ago, two infiltrators were discovered by border police at an "Eged" bus station waiting for a bus to Tel Aviv. Both said that the economic distress in Sheikh Zawid, in northern Sinai, moved them to cross the border and find work in Israel. They said that they waited at the bus station because it was the easiest, fastest and safest way to go, in their eyes, to reach central Israel.

9811
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ISRAEL

UTILIZATION OF GEOTHERMAL ENERGY TURBINES

Tel Aviv MA'ARIV in Hebrew 21 Jan 83 p 5

[Article by Avraham Peleg: "Israeli Installation--'A Breakthrough in the Utilization of Geothermal Energy'"]

[Text] The Israeli company Ormat Turbines has developed a turbine which is described as a breakthrough in the utilization of geothermal energy (energy from sources deep in the earth and at low temperatures) for producing electricity.

The first commercial unit was recently successfully demonstrated in the United States.

The Israeli development will now make possible production of electricity from geothermal sources and wasted heat generated by industry, thus providing a new source of energy not previously available for use.

Yehuda Bronitzki, general director of Ormat Turbines stated yesterday at a press conference that the new technology will provide an alternate [source of] energy which is not dependent upon oil and which does not create environmental problems. He added that the company produces turbines ranging from 3-0 kilowatts to the five megawatt model which is now in place at the solar pond near the Dead Sea.

It appears that in the future it will be possible to build 40 megawatt units. The unit operated in Oregon in the United States is an 800 kilowatt model.

The president of the U.S. company, Mr Jack Wood, stated that Ormat Turbines at Yavne [Israel] is the best supplier of technology and equipment for producing electricity from geothermal sources at low temperatures. He said that this new source of energy would compete with other energy sources such as the nuclear, coal, and hydroelectricity.

It has been noted that this technology holds great potential in the United States due to that country's many geothermal energy sources. In Israel it is, for the time being, impractical because geothermal sources are too deep and temperatures too low.

Professor Arye Lavi, the chief scientist of the Ministry of Trade and Industry, stated that the total investment in the project until now has been \$5 million. Equipment produced by the Israeli company valued at \$50 million has already been exported.

The scientist added that Israel will export energy producing units from alternate sources totaling \$200 million in the near future. These include: magneto-hydrodynamic units by [Solmex], two transmissions for small and large automobiles which will save over 40 percent fuel and solar-pool technology.

It has further been reported that the Ormat Turbines units are capable of utilizing sources with temperatures of 70 and even 50 degrees centigrade at costs averaging between \$1,000 and \$1,500 per kilowatt.

The Wood Company has ordered nine units for its projects in the United States.

8770
CSO: 4423/87

NEW HYDROGEN POWER PLANT PLANNED

Tel Aviv YEDI'OT AHARONOT in Hebrew 20 Feb 83 p 1, 8

[Article by Eitan Haber: "Revolutionary New Power Plant Planned in Israel"]

[Text] A company established by Israeli businessmen and a group of Israeli scientists who emigrated to the United States is about to build a modern hydrogen power plant in Israel. Around 300 million dollars will be invested in the construction of the plant, and if the project is successful, it will likely create a revolution in the area of energy and conservation.

Scientists throughout the world have been trying for years to harness hydrogen energy under the assumption that this energy source will in the future be the sole source of energy in the world. The inherent benefit in this form of energy is that hydrogen is found in unlimited quantities (in water) while all other energy sources--from oil to coal and including uranium--are limited and will run out in the not so distant future.

The principle for obtaining hydrogen is based on the fact that mixing hydrogen atoms (and turning them into helium atoms) results in the release of an enormous amount of energy. This process is the source of the energy given off by the sun for billions of years, and science has successfully imitated the process in the explosion of the hydrogen bomb.

Up until now, scientists have not been able to harness the enormous energy contained in hydrogen bombs in a controlled fashion to allow its use for peaceful purposes. All they have accomplished is the ability to create the very high temperatures needed for the process and they have harnessed bursts of energy over short periods using this method.

The moving force behind the new project is an Israeli emigrant scientist, Dr Rami Shani, who recruited a group of around 20 Israeli scientists from California for the job. Investors in the project include Al Schwimmer, formerly general manager of the Israel Aircraft Industry; businessman Shaul Eizenberg; and Bob Guccione, publisher of the magazine "Fantaz."

The group established a corporation called Inesco, whose manager, Dr Rami Shani, told a SUNDAY TIMES reporter: "WE have completed the detailed plans of the concept according to which the power station will be built. It can

be built, but there is no way of knowing whether it will work properly until after it is built and tried out."

Brigadier General (serves Ya'akov Nimrodi, who is involved in the project, told a YEDI'OT AHARONOT reporter that different parts of the structure will be built in five countries. He has already received the necessary permissions from Israel, including permission from the minister of energy. He also said that the company plans to raise around 50 million dollars in Israel. The firms of Klal, Kur and other will be involved.

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BRIEFS

APPROVAL OF WEST BANK HOUSING--Plans for thousands of housing units in new settlements in Judea and Samaria have been completed and construction will begin shortly on some of them. The new settlements will be built on private land purchased by private entrepreneurs. The government is investing almost nothing in developing the land or establishing a foundation in the area. The establishment of the settlements was already approved by the ministerial committee on settlement. The names of the new settlements, as they appear in official, internal communiques from the Jewish Agency's settlement division, are (the number of housing units planned appears in parentheses alongside each): Avne-Hafetz (1,000), southeast of Tul-Karm; Sha'are Tikva (800), west of Alakna; Alakna "C" (900), north of Alakna; Alakna "D" (1,200), alongside Sheikh Tzabah; Heres (600), at the intersection of Hotze-Shomrom and 'Am-Noel; Ornit (600), east of Kibbutz Hahorshim; Ganei-Modayyin (700), west of the settlement of Matatiuahu; Matatiyahu "B" (1,000, east of Moshav Matatiyahu; Ramat Kidron (2,000), alongside Hirvat Monter, east of Ma'avadiyya; Lev Lashomron (450), northeast of the settlement of Tzafta; Havelei Yerek (400), south of Tzafta; Mitpei Yehuda (2,000), south of the settlement of Ma'ale-Adumim; Bitan (600), southeast of the settlement of Halamish. [Text] [Tel Aviv YEDI'OT AHARONOT in Hebrew 27 Feb 83 p 4] 9811

HOUSING IN WEST BANK--The total number of housing units already occupied and those in various stages of construction in Judea and Samaria comes to 12,242--according to an internal report from the Jewish Agency's settlement division prepared by a Shomron planning team. According to the team's report, there are 5,006 housing units currently occupied by Jews in Judea and Samaria, and 7,236 units under construction. The figures refer to total numbers of units--private homes or apartment buildings, built privately or by real estate companies. The report indicates that another 20 new holdings will be established during fiscal 1983/1984 in Judea and Samaria, an additional 500 housing units in existing settlements, 180 units in six new settlements, an additional 2,500 units in urban settlements and a great deal of ground work. The report further notes that nine public telephone switchboards are being set up in Judea and Samaria and that there are, today, more than 2,300 lines available for the use of settlers. The report states that in Judea and Samaria another 12,000 housing units are planned in various settlements, on private land which has already been purchased. In addition, plans for another 17 new developments will be completed this May. [Text] [Tel Aviv YEDI'OT AHARONOT in Hebrew 23 Feb 83 p 6] 9811

GAS DISCOVERY--Gas found at the Nutra 6A site in the Huleh Valley in the course of tests conducted during the middle of last week. The gas was tested and found to be of good quality, similar to that from Sadot in the former Yamit region. The [HNH] Israel Petroleum Co. carried out the Nutra 6A drilling in conjunction with the Nutra 6 drilling. This first drilling discovered gas at depths of 150 meters. Because of the risk of combustion, which could have endangered the staff and equipment, it was decided to abandon this drilling and open a second one 20 meters away. In the second drilling a significant quantity of gas was found at a depth of 150 meters. The Oil Company will conduct preparatory work for an examination of the well's production capacity. Afterward, the gas will be piped to nearby Kibbutz Gonen. The drilling apparatus will be moved from Nutra 6A to Nutra 1, where the well has been plugged and the flow of gas to Kibbutz Gonen halted. This week the Oil Company is to begin drilling for gas at the Nir Oz site in the Gaza Strip, in the hope of discovering a geologic formation similar to that in which gas was found at Sadot. [Text] [Tel Aviv MA'ARIV in Hebrew 23 Jan 83 p 8] 8770

CSO: 4423/87

FIGURES ON MAJOR BANKS FOR 1982

Beirut AL-IQTISAD WA AL-A'MAL in Arabic No 44, Jan 83 pp 20-21

[Article by Rashid Hasan: "Top 10 Lebanese Banks: 1982 Figures; Lebanese Emigre, French-Lebanese and 'Audah Surpassed Arab Bank; Byblos Recorded Highest Growth Among Top 10; Return of Dollar Had Negative Effect on Volume of Deposits and on Some Banks"]

[Text] What were the Lebanese banks' figures for 1982? What changes were there, and what do they hold for the coming year?

As it does every year, AL-IQTISAD WA AL-A'MAL has examined the preliminary results as far as the amount of deposits in the major banks operating in Lebanon which held the top 10 spots in 1981. We came up with a preliminary list of the positions which the banks kept or lost in 1982, proving that competition continues and that these positions are generally in a state of flux from one year to another. This is of course an expected, healthy occurrence in a dynamic market based on competition and subjected to many internal and external changes.

Two comments should be made before going into the details of the figures:

1. The numbers in the accompanying table end with November 1982 and may be considered reasonably conclusive since any changes or "improvements" to the banks' figures made when calculating the final budgets for the year probably would not alter the rankings or comments.
2. The ranking given is based only on deposits, which although important, cannot be considered the only indicator of these banks' positions. There are other indicating factors of equal importance, such as the size of loans, profits from private funds, liquidity rates and other elements. We shall look at the development of these factors in a future, more comprehensive article when the necessary information is compiled.

General Observations

First, it is clear from the information AL-IQTISAD WA AL-A'MAL obtained that the growth rates for deposits in 1982 were considerably less than those for the previous year. This decrease was primarily due to the decrease in exchange rates of all foreign currencies, especially the dollar, against the

Lebanese pound in the second half of 1982. This leads to decreased value of deposits in foreign currencies after they are evaluated in pounds. Fifty percent of bank deposits were in foreign currencies before and during the Israeli invasion, and 90 percent of foreign currency deposits were in dollars. If we consider that the exchange rate of the dollar against the pound decreased around 27 percent during the past 5 months, we can image the important effect this had on the total amount of bank deposits.

Although there are no exact figures for the total growth rate in bank deposits compared with 1981, well-informed banking sources expect the rate to be between 15 and 20 percent, compared to a growth rate of 45 percent in 1981.

Second, although the increase in the exchange rate of the Lebanese pound affected all banks, the results differed from one bank to another according to the size of foreign currency deposits. The banks that had a large percentage of deposits in foreign currencies were naturally affected more than others. For example, the fact that two-thirds of the deposits of the Arab Bank, Ltd were in dollars and other [foreign] currencies was one of the most important reasons its deposits valued in pounds dropped, as did its ranking among the top banks.

Third, if we take 15 to 20 percent as an expected growth rate in amount of deposits for 1982, we will see that the rates listed in the table on the average are close to the estimated rate, with the exception of a small number of "growing banks," which generally have had high, constant growth rates in recent years. The highest growth rate recorded among the 10 top banks belonged to the Bank of Byblos (about 40 percent), the 'Audah Bank (25.5 percent) and Lebanese Credit (25.2 percent). If the growth rate in customers' deposits alone is considered for Sardar Bank (excluding bankers' deposits), it will also have a relatively high growth rate of 28.6 percent. We should remember that these rates could increase at the end of the year when December's figures are taken into account.

Observations about Banks' Rankings

1. The two banks at the head of the list of top-ranked banks in 1981 kept their positions this year. The Lebanese Emigre Bank held the top position as far as size of deposits, with a growth rate of 13 percent (up to November). The French-Lebanese Bank held second place on the list with a growth rate of 14.2 percent.

2. A fundamental change occurred in the third position, with the Arab Bank, Ltd replaced by 'Audah Bank. It must be said that the change was not expected nor was the suddenness, since the Arab Bank was firmly established in third place ahead of the remaining banks. There appear to be two important elements behind the Arab Bank's slipping the degree that it registered a negative growth rate of -26 percent compared with 1981:

--More than two-thirds of the bank's deposits were in foreign currencies, the dollar in particular, which reflected negatively on the value of total deposits in pounds.

--The circumstances which the bank endured during the Israeli invasion had a negative effect on deposits.

We must point out that, the Arab Bank, experienced and accustomed to facing the area's turmoil, was able to absorb the changes and in all probability will be in a better position in 1983 to adapt and make up what it lost. In this sense, the Arab Bank will remain, along with Francebanque, Byblos and Lebanese Credit, serious competitors with 'Audah Bank for the third slot. In 1983, the ability of 'Audah Bank to strengthen its new position will be put to the test. In 3 years, 'Audah Bank has managed to move from seventh place to third.

3. Competition in 1983 will in general be fiercer at various levels and positions. Two bank factions exist--one, composed of banks mentioned in paragraph 2, are vying for third place. The other consists of banks competing for fourth place--Mediterranean Bank, Lebanese Bank of Commerce and Sardar. Al-Mashraq and Banque National de Paris can be added to the latter group. The Bank of Byblos moved from the group vying for fourth place to that vying for third after its position improved markedly during the past 2 years, especially during 1982, when it was ranked first in capital after its capital grew to 154 million pounds.

4. The slight disparity in figures among several of the banks in some cases lessens the significance of the differences in ranking; for example, the differences between 2,100 million, 2,000 million and 1,900 pounds could prompt one to say that they are at the same level. However, this difference could intensify the silent competition among them.

5. Banque France has held on to fourth place for 4 years, and Lebanese Credit has kept sixth place, but with a marked improvement in its standing due to the favorable growth rates it has sustained.

6. The most noticeable development of past years is that of the "growing banks," which have much greater growth rates than the norm and climb in the general ranking with marked speed. Among these banks are Sardar, Byblos, 'Audah and Lebanese Credit.

Top-10 Ranked Banks in Lebanon in 1982 According to Amount of Deposits
 (Based on semi-conclusive figures ending the last of November 1981) In Millions of Lebanese Pounds

Ranking in 1979	Ranking in 1980	Ranking in 1981	Ranking in 1982	Bank	Deposits in 1979			Deposits in 1980			Deposits in 1981			Deposits in 1982		
					Change (percent)	Change (percent)	Change (percent)	Change (percent)	Change (percent)	Change (percent)	Change (percent)	Change (percent)	Change (percent)	Change (percent)	Change (percent)	
3	1	1	2	Lebanese Emigre Bank	1,139	2,062	30.9	2,876	39.5	3,250	13					
2	2	2	2	French-Lebanese Bank	1,268	1,783	40.3	2,715	52.3	3,100	14.2					
7	5	5	3	'Audah Bank	894	1,171	32.6	1,833	56.5	2,300	25.5					
1	1	3	4	Arab Bank, Ltd	1,638	1,807	11	2,683	48.5	2,100	21.7					
4	4	4	4	Banque France	952	1,190	25	1,864	56.6	2,100	12.7					
5	6	6	6	Lebanese Credit	774	1,148	48.3	1,597	39.11	2,000	25.3					
11	10	8	7	Bank of Byblos	602	886	47.1	1,358.7	53.3	1,900	40					
8	8	11	8	Mediterranean Bank	763	920	20.5	1,262	37.2	1,500	18.8					
6	7	12	8	Lebanese Bank of Commerce	847	1,042	23	1,252	20.2	1,500	19.8					
-	15	9	10	Sardar Bank	530	634	19.6	1,311	106.8	1,409	7.5					
				Beirut-Riyadh Bank	671	806	20	98.97	22.6	1,200	21					
				Popular Credit Bank	401	552	37.7	764	38.3	900	17.8					

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PALESTINIAN AFFAIRS

CAMPAIGN TO FORCE PALESTINIANS OUT OF LEBANON DISCUSSED

Nicosia FALASTIN AL-THAWRAH in Arabic No 448, 5 Mar 83 pp 29-34

[Article by Yusuf Farajallah: "The Occupiers, Fascists Organize Groups to Terrorize Residents of Palestinian Camps"]

[Text] The situation of our people in Lebanon, Beirut in particular, and to a limited extent in southern Lebanon is cause for great concern.

The occupation is manipulating existing groups or creating fictitious organizations to terrorize the Palestinians in southern Lebanon, make their lives a hell, and then drive them out of southern Lebanon and Beirut.

Meanwhile, there has been a series of warnings of other massacres. Massacres are being carried out in "installments" [gradually]. Peaceful persons are more frightened than ever. Economic and living conditions are deteriorating. The cold of winter is almost warmer than the hatred of the fascists. The rapid movement on all levels cannot be slowed. The Beirut government is responsible for ensuring the safety of the Palestinians. What happened in Sabra and Shatila is intolerable.

The war launched by the Israeli enemy against Lebanon was aimed at destroying the largest number of Palestinians possible. The goals were not limited to crushing the military arm of the Palestinian revolution.

This fact, which was not apparent to everybody at the beginning of the war, has now become crystal clear after the events of the war itself and what the occupied areas witnessed, especially the Palestinian camps, in the way of massacres and maltreatment after the departure of the Palestinian revolutionary forces.

The first thing that comes to mind in this connection is the massacre at the Sabra and Shatila camps, which is clear evidence that the war of the Israeli state is a war to destroy the Palestinian people and that the goals were not limited to dealing military blows or extracting political concessions.

It is true that the ugliness of the Sabra and Shatila massacre is beyond the ability of man to endure. But it has become clear that this massacre is an extremely ugly and black page in the black Israeli plot against the Palestinians wherever they exist and particularly against those living in Lebanon because they have become open targets for the Zionist war machine and resentments of the new Zionists from the Lebanese fascist rightist bands, the agents of the Israelis and the tools and executors of its plots and intrigues.

By Axes...and by Technology

Richard Volk, vice-chairman of the International Commission for the Investigation of Israeli War Crimes in Lebanon, said in a recent interview: "The Sabra and Shatila massacre was not the only one carried out. What happened in 'Ayn al-Halwah is like what happened in Sabra and Shatila except that what happened in 'Ayn al-Halwah was done using high technology. A large number of Palestinians were slaughtered in 'Ayn al-Halwah but, as I said, by advanced technology."

We add to Volk's remarks the fact that the massacre of Palestinians in Lebanon continued even after the Palestinian revolutionary forces departed from Beirut. The massacre has many forms and methods all of which ultimately coincide and serve a basic Zionist goal: extermination of as many Palestinians as possible and stripping away the simplest means of subsistence and will from the rest.

On these few pages we will discuss some aspects of the case, i.e., the case of the Palestinians in Lebanon, particularly those living in the occupied areas of southern Lebanon.

Massacres in "Installments"

A very dangerous situation has prevailed in these areas for more than a month. Every day the news tells about ugly massacres being carried out gradually against Palestinian civilians in the South, particularly in Sidon and vicinity.

The dangers have gone beyond threats and harassment operations since not a day passes without the press carrying a few lines of news about the discovery of 3, 4, 10, or 12 bodies of Palestinian civilians or about the abduction of this or that number of civilians or about the blowing up of homes and the destruction or burning of peoples' possessions and property. Our glorious Arabic press in its golden age, the age of glossy paper, color photographs, rapid distribution, and other distinctions and features of the European press, is eager to toss aside this news after condensing it on the inside pages along with news of robberies, lootings, and traffic accidents far from colorful reportage of Brigitte Bardot, Brazilian carnivals, and amateur skaters in Austria.

But what's to be done if the news of these crimes is too ugly to be covered up or minimized? What's to be done if this news stirs worldwide anxiety

since many international organizations, day after day, express fear that new massacres may occur like those in Sabra and Shatila.

Palestinians in the South

Ulov Redbik [transliteration], deputy commissioner of UNRWA, announced a few days ago that protection had to be strengthened around the Palestinian camps in southern Lebanon. He referred in his statement to the discovery a month ago of 15 bodies, 6 of them the bodies of Palestinian civilians, in the South. A few days ago FRANCE PRESSE published a report by its local correspondent on the situation of the Palestinian civilians in the South after the campaigns of murder, intimidation, and force emigration to which they had been subjected, especially in Sidon and vicinity.

The report states: "The scope of the campaign, against the Palestinian families is quickly spreading among the refugee camps. It has been extended in the past few days to villages situated on the coastal road between Sidon and Tyre after being confined to Sidon. It is aimed at the Palestinians in the Shi'ite villages." The report adds: "A welfare organization says anti-Palestinian leaflets appeared a few days ago for the first time...after the "Cedar Revolutionaries" who had been urging the inhabitants of Sidon to drive all the foreigners out of Lebanon, another organization called "Lebanese Unity" started to distribute leaflets during the night at the entrances to the dwellings of the Palestinians in the villages where inhabitants were mostly Shi'ites, e.g., 'Adlun, al-Saksakiyah, Ansariyah, and al-'Adusiyah." The report quotes a member of the Amal leadership council Muhammad Ghaddar as saying: "These actions are illegal and inhuman. A number of Palestinians came to ask what they should do. I persuaded them to stay, assuring them that I would guarantee the safety of all the innocent Palestinians(!) who are not connected in any way with the PLO (!!)"

Dispersion and Concentration

The report adds: "Departments of the agency for refugee relief UNRWA are showing concern over this campaign. The director asserts that about 70 Palestinian families in Sidon and vicinity abandoned the dwellings they owned in most quarters of the city and took refuge in the homes of relatives or in the 'Ayn al-Halwah camp. UNRWA distributed 16 tents to some of these families. Its office in Tyre receives requests for tents from Palestinians in the town of 'Adlun...Despite our intervention with the Israeli occupation authorities, this campaign is continuing. Thus, an organization called the "Voice of Lebanon in Sidon" began several days ago to distribute leaflets addressed to the Palestinians who had come there: 'In view of the existing circumstances and to save your lives and possessions and in the name of the surviving remnant of humanity to which some of our people cling, you must go as quickly as possible to your former camps.'"

Concerning the situation of the Palestinians in the Sidon region, the report says: "In a place not very far from the UN agency for Palestinian refugee relief lives a woman with her children in an old play room half closed off by an iron screen. Most of the Palestinians who had shops went through this

street to the refugee camp after stumbling upon the bodies of some Palestinians. This woman did not wish to go because her home in 'Ayn Halwah had been destroyed. She said: 'I heard about the murder of Palestinians around the camps. I am definitely afraid and when evening comes, I lock the iron screen. You see, I'm still alive.'"

The report adds: "Whereas the Israeli Army has security patrols in the 'Ayn Halwah camp where about 18,000 Palestinians live, the situation appears quite shaky in the al-Miyah wa-Miyah camp on the hills of Sidon. Its inhabitants numbering 1,500 persons, most of them women, children, and old men, have been living in a state of fright since a bomb exploded there last 8 February and caused about 40 dwellings to collapse. An official of the social welfare committee in al-Miyah wa-Miyah asserts that the inhabitants are living on their nerves, for none of them will leave the camp to go to the work agency because to do so would require them to pass through a road block set up by the Lebanese Forces and another one set up by Major Sa'd Haddad's militias. This is apart from the possibility of suffering a vicious attack in Sidon."

In the Evening, the Streets of the Camp Are Empty

The report quotes an official as saying about al-Miyah wa-Miyah camp: "No sooner does the evening come than the camp becomes completely empty because the people stay home. The day before yesterday a rumor circulated in the camp that a massacre would take place in the evening. We notified the Israelis and they sent out a patrol. However, they emphasized 'It is not in our power to protect every home.' Another inhabitant of the camp does not hide his feeling of despair, saying: 'We support the Lebanese legal authorities and live in Lebanon better than we can live in any other Arab country. But if they are fed up with us, they must open up the way for us to leave. This is an intolerable situation.'"

The report continues: "The Christian village of al-Miyah wa-Miyah is situated right at the entrance to the camp where a unit of the Lebanese Forces is stationed. One of the officials in a home that was turned into a barracks asserts that the Palestinians were expelled from the Christian village because they constituted a danger to the local residents by committing hostile acts against the Israelis (!) who then in turn launch sweeping operations. So once again the inhabitants suffer the consequences of the actions of Palestinians. Lebanese law requires that the Palestinians live in camps like refugees. Therefore, they cannot have homes outside the camps."

The report concludes: "As for the Israelis whom social welfare organizations charge with being the real force behind this terrorist campaign, they maintain silence. In the Israeli Army headquarters in Sidon they say: We have no comment on this matter. It's an internal Lebanese question!"

A little while ago UNITED PRESS published a report on the same subject by its correspondent in Sidon. It discussed the maltreatment and intimidation operations and quoted a foreign relief worker as saying that the Palestinians are now afraid that the Phalange will force them all together in the 'Ayn al-Halwah camp to get rid of them.

The U.P. asserted that the statements posted on the doors of the Palestinian homes in 'Abra and al-Hilaliyah are making this fear justifiable.

The correspondent said the signers of these statements in the name of "The Cedar Revolutionaries" are in actuality covers for the Phalange (more correctly, for Israel and the Phalange).

In mid-February rockets were fired on the homes of Palestinians in al-Hilaliyah region and one of them hit the home of their fellow-countryman Hasan al-Susah. The same day armed men attacked the home of a Palestinian, Jalal Ka'ush, in the Qiya'ah quarter and set fire to it. UNRWA also issued at almost the same time a press release in which it confirmed the campaign of liquidations and forced emigration to which the Palestinians living in the Sidon area are being subjected to. The release said a package of dynamite exploded in the al-Miyah wa-Miyah camp, wounding three Palestinians and causing heavy damage to 2 houses and other harm to 12 houses. The release noted that 40 Palestinian families were forced to abandon their homes in Sidon and flee to 'Ayn al-Halwah camp after they received threats from masked men or through signs hung on the doors of their houses. Eighteen Palestinian and three Lebanese families received official threats to abandon their homes which were situated near 'Ayn al-Halwah camp.

More Serious Situation

Lebanese newspapers reported that a meeting was held at the headquarters of the Israeli military governor in Sidon and attended by the governor, his assistant, and what is called the "Palestinian Humanitarian Social Committee" (?) Those present reviewed the security situation in light of recent incidents, e.g., the murder of Palestinian civilians in al-Zahrani and forced emigration of Palestinian families in the town of al-'Adusiyah.

On 24 February UNRWA and the International Committee for the International Red Cross announced in Geneva that they were protesting the escalation of campaigns of violence and intimidation directed against the Palestinians in southern Lebanon. The UNRWA spokesman said there is an escalation in the terrorism campaign in southern Lebanon against the Palestinians while the spokesman for the International Committee for the International Red Cross stated he believed that the need to protect the Palestinians has become more urgent and that the situation is now more serious. He made it clear that the Israeli occupation forces had frequently repeated since the first weeks of the invasion of Lebanon that they would act to protect the civilians in the South unless there were indications some progress was being made in this direction. He said there is a frenzied campaign to drive the Palestinians out of southern Lebanon by terrorism and murder.

The TIMES [LONDON TIMES] wrote the same day (24 February) that "the United States warned Israel of the danger of a second massacre of Palestinian civilians by Lebanese Christians in the area controlled by the Israeli occupation forces in Lebanon. The warning was based on a report written by Zaif Shif, a prominent Israeli military correspondent." Zaid Shif had written the day before in the newspaper HA'ARETZ that the warning will reach the al-Miyah

wa-Miyah camp near Sidon. Between 200 and 4,000 refugees are estimated to be still living there.

The Israeli Plan

The enemy's Minister of the Economy Dan Meridor says: "The return of the refugees to their normal condition inside the camps is incompatible with our security interests. We want to see them much farther away from our borders, for their presence, even if only 1 percent, will enable the PLO to reorganize inside the camps."

In light of this statement, which reveals the essence of the Zionist plan, we can understand and explain most of the incidents that now take place in southern Lebanon and involve the Palestinian civilians.

The main source of the danger threatening the inhabitants of the Palestinian camps in southern Lebanon is the Zionist occupation and the ugly schemes the occupation is preparing in order to drive them out: massacres, maltreatment, terrorism, and continuous intimidation. However, this main danger must not blind us to the existence of Israeli agents among the Lebanese rightist fascist bands. Whatever may be the sectarian affiliations of elements of these bands, they bear some of the responsibility because they are carrying out, by their own free will, the wishes and schemes of the occupiers. That is so because they are basically fascists at heart and have a rabid hatred of everything that is nationalist, Arab, and Palestinian.

Therefore, the inhuman and political crimes that they commit, although mainly against the Palestinian people in Lebanon, they also involve all the nationalists, for among the Lebanese people and all the sects there are those who refuse to accept the occupation or have anything to do with it.

Many incidents in the South bear witness to what we are saying since the killing, intimidation, and murder operations involve many Lebanese nationalists in the South. Moreover, the Israeli occupation forces are clearly working, directly or through their agents, to create centers of competing sectarian power in order to enable them to start and direct a struggle between these centers and, consequently, harvest the fruits of more disarray in the ranks of our fellow countrymen, who due to their total involvement in their local conflicts might no longer be concerned with the fact that the land is occupied and that their duties are to resist and confront the occupation.

Striking the Lebanese With the Lebanese

News and reports coming from the South indicate that the Zionist occupiers are attempting to establish in those areas centers of competing sectarian forces divided largely into:

- (1) Sunni Islamic region (Sidon),
- (2) Christian region (Jazzin and al-Zahrani),
- (3) Shi'ite Islamic region (Nabatiyah and the southern coast).

Every day such news and reports contain information about the feverish efforts being made by the Zionist occupiers to organize local armed militias affiliated with these sects. Through them the occupation is exercising control over the occupied areas. The Israeli attempts assume different forms and guises since almost every day the pages of the newspapers carry a new name created by the occupation such as the "Leagues of Villages," "National Guard," and "United Southern Rally." The names have the same purpose, i.e., to attract some despicable and weak-spirited individuals formerly of other political factions and use them as a cover for executing the Israeli policy of "divide and conquer."

There remains the big question that must be raised in this connection: What is the stand of the Lebanese regime and Lebanese government on what is happening in the south? Especially after the Zionist occupiers raised the status of their agent Sa'd Haddad and enlarged his "sphere of influence" so that he can storm about on top of Israeli tanks and troop carriers, announcing that his "state's" borders extend from Palestine to the Awali River in the North.

Al-Nahar's Racism

While we have not heard up to now any official Lebanese comment on the status of the Palestinian civilians or on the last action taken by Sa'd Haddad, the Lebanese ambassador to Bonn Khalil al-Khalil (son of Kazim al-Khalil) held a press conference in the German capital in which he announced that "the government guarantees the protection of the Palestinians in Lebanon." He said: "The best contribution Europeans can make to the security of the Palestinians still living in Lebanon is economic aid to allow the possibility of supporting a government there for 280,000 Palestinian civilians."

At the same time Lebanese newspapers and magazines "close" to the Lebanese authorities devoted their pages to analyzing the dangers of the Palestinian presence to Lebanon. Emil Khuri's articles in the pages of AL-NAHAR deals with this subject in 1 out of every 10 of his articles and spreads his poison in this space. Instead of the Israeli occupation which is causing havoc, disarray, and confiscations, Khuri and his ilk think the "danger" to the Lebanese entity comes from the presence of Palestinian children, old men, and women "in great numbers."

A final point remains, namely, the need for swift action and coordination of Lebanese (in patriotic circles), Arab, and world efforts to prevent the occurrence of new massacres of Palestinians in Lebanon. Today this matter is an important part of the task of confronting the Zionist occupation of Lebanon using all political, popular, and military methods.

Responsibility of the Beirut Government

These efforts can begin by adhering to the correct and rational stated positions appearing in the political statement issued by the Palestine National Council on the situation in Lebanon, which emphasized:

(1) Deepening the relations with the Lebanese people and nationalist forces and offering support and resistance to them in their brave struggle to resist the Zionist occupation and its tools.

(2) That it is in the forefront of the current tasks of the Palestinian revolution to participate with the Lebanese masses and their nationalist and democratic forces in the fight against the Zionist occupation and to put an end to it.

(3) Calling upon the executive committee to work for talks to be held between the PLO and the Lebanese government to achieve the security of the Palestinians living in Lebanon, their welfare, and to guarantee their rights of residence, migration, work, and freedom of political and social activity.

(4) Working to halt arbitrary, collective, and individual arrests for political nature and to release those held in the prisons of the Lebanese authority.

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PALESTINIAN AFFAIRS

MODERATE LEADER CRITICAL OF COLLEAGUES' HARD-LINE POSTURE

Cairo AL-MUSAWWAR in Arabic No 3050, 25 Mar 83 pp 66-72

[Interview with 'Isam al-Sartawi by Muhammad Anis: "Al-Sartawi, Loyal Palestinian Dissident Talks to AL-MUSAWWAR: 'Everything Palestinians Do in Violation of the Strict Principle of Not Interfering in the Internal Affairs of Arab Countries Should Make It Incumbent on Us To Take a Critical Look at Ourselves';" in London]

[Text] "If Palestinian reason had prevailed during the period that preceded the invasion of Beirut, Palestinian people would not have been massacred in the camps."

"The decisions of the National Council closed doors that should have remained open."

"The problem is that we treated the Reagan plan as though it were unchangeable."

"I would have liked the National Council to set forth a formula that would have allowed others to change their positions and would not have ruled out the practical choices that are now on the scene."

"I claim to represent the opinion held by the silent Palestinian majority."

"Our task now is to become engaged in serious political struggle and to stay away from efforts to outdo each other."

"Our colleagues in al-Sa'qah and in the Popular Front are asking us to wait out in the cold for 100 more years until conditions change."

"One of our strategic objectives must be to continue our dialogue with the Israeli society."

For the first time: the secrets of Palestinian-Israeli communications.

Dr 'Isam al-Sartawi who is a heart surgeon has been one of the PLO's prominent representatives in the past 10 years. He was angry when he left the recent meetings of the Palestinian National Council. He wanted to be given the floor to defend the course he has been representing, a course that was being attacked by others. It's been said that his resignation was turned down. Dr al-Sartawi is making no comments. The man has been around controversy before. In 1976 he was attacked because secret communications had taken place with members of the Israeli-Palestinian Peace Council, which is made up of a group of Israelis who recognize the right of the Palestinian people to establish their own state with

Jerusalem as its capital. At that time Israel had boycotted a UN Security Council meeting because the PLO was taking part in that meeting. When an announcement was made that [agreement on] a joint document had been reached, the PLO denied that. In the fall of 1977 al-Sartawi appeared at a symposium in London with a number of Israelis. At that symposium the late Sa'id Hamami, the PLO's representative in London at that time, read a study entitled, "A Commonwealth of Israel and Palestine." While the symposium was going on, a demonstration outside [the building] was accusing the PLO of treason.

The man has played a principal role in the PLO's dialogue with the Movement of International Socialism. Accordingly, he is the one behind that important meeting between 'Arafat, Austria's Chancellor Kreisky and Willy Brandt, the former chancellor of West Germany. Al-Sartawi is also one of the architects of the special relationship that exists between the PLO and Austria, the only country to recognize the PLO fully, until it was joined by Greece.

In October 1979 al-Sartawi was granted the Peace Prize from the Bruno Kreisky Foundation, named after the Austrian chancellor. He shared the prize with Arye Eli'av, the former secretary general of Israel's Labor Party who joined the peace group. Harsh statements against al-Sartawi were made, and al-Sartawi offered to resign, but his resignation was not accepted.

Al-Sartawi's name came up when Andrew Young, the U.S. representative at the UN Security Council resigned because he had contacted a PLO representative. It was learned that al-Sartawi had met the U.S. ambassador in Vienna during an airplane trip with Kreisky.

In January 1981 the Palestinian flag was flown in Jerusalem at a meeting of the Peace Council, and a letter from al-Sartawi was read.

Al-Sartawi's name came up once again when Mr Yasir 'Arafat met Chancellor Kreisky on the island of Majorca last December to look into the matter of prisoner exchange between Israel and the PLO.

In January 1983 'Arafat met a group of Peace Council members: Mati Peled, Uri Arneri, and Arnon. A statement issued by a number of Palestinian organizations who were meeting in Tripoli criticized that meeting. Al-Sa'qah condemned it, and Yitzhak Shamir, Israel's minister of foreign affairs called the meeting "disgusting" and mentioned that Israelis who had participated in it were "enemies of the state and of democracy." He called for a law to prohibit such meetings.

A few days ago the Revolutionary Council of the Palestinian National Liberation Movement, Fatah, which is known by the name of its leader, Abu Nidal [whose real name is] Sabri al-Banna issued a statement accusing al-Sartawi of representing Mr Yasir 'Arafat and bribing the British newspaper, THE GUARDIAN to publish news about one of the members of Abu Nidal's organization who had taken part in the attempt to assassinate the Israeli ambassador in London.

The man then is at the center of controversy. But he is also a man with a position and an opinion. Several remarks remain to be made.

First, this interview raises a number of significant questions that most Arab intellectuals, not to mention other Arabs, have not become involved in. It is no

longer enough to stand by and merely watch problems like that of the Palestinian-Israeli dialogue, that of Arab Jews, the problem of Arab minorities and Arab conduct during the invasion of Lebanon.

Second, one of the things that damaged aspects of the relations between Arabs and Palestinians may have been the occasional shift from enthusiastic support to verbal abuse and the use of bullets from time to time in the absence of an effort to reach a quiet mutual understanding. I doubt that many of us can identify the various Palestinian factions within the Palestinian National Council. Accordingly, a number of Palestinian leaders, unlike the leaders of other liberation movements, knew Cairo only in their youth or later on in their lives.

Third, there is a need to understand or rather preserve Palestinian pluralism which provides flexibility, on the one hand, and represents an essential Arab experience, on the other. Palestinian pluralism should be preserved particularly since there exists something close to a consensus that the absence of democracy in our Arab world is the reason for many [of our] failures. Hence, our interview is an attempt to understand; it is neither an expression of support nor one of doubt.

[Question] We would have to begin with the outcome of the recent meeting of the Palestinian National Council in Algiers.

[Answer] The results of the meeting do in fact speak for themselves. The council's decisions were made in the light of day and out in the open. They were published openly and publicly in clear and unequivocal Arabic that left no room for confusion or ambiguity. Some of these decisions, for example, the decision approving the Fes Declaration, reflected what was expected from the council. Other decisions reflected the product of the forces and preferences that prevailed in the council and imparted to its decisions one unequivocal and specific character.

Commentators naturally disagreed about the nature, the meaning and the aim of these decisions. Some of these commentators expressed the opinion that some of these decisions had left open doors. They described these decisions as manifestations of a victory for the so-called rights of moderation in the organization. Other commentators saw the decisions for what they really were: decisions that closed doors which were expected to remain open. On that basis these commentators considered those decisions a victory for extremist tendencies.

Naturally it is my judgment that the decisions of the National Palestinian Council, as agreed upon on the Palestinian scene, are the source of legislation and legitimacy. These decisions thus take on extreme importance. While taking into account the fact that individual interpretations are legitimate, statutes are often constructively ambiguous so as not to rule out, but rather to provide opportunities for specific opinions. Accordingly, volumes are written to expound laws and statutes in this world. However, the basic texts that were the subject of debate on the international and Arab scenes, if not the Palestinian scene, were settled unequivocally in language that I believe leaves no room for interpretation and individual opinion. Rejection is rejection and cannot be explained as acceptance of a rejection formula.

[Question] We want to talk about this more candidly. I believe you are talking about the position on the Reagan initiative, [aren't you]?

[Answer] As far as Reagan is concerned, it is my judgment that the text of the National Council's [decision] was unequivocal. It turned down the initiative. The National Council turned down the initiative. This is how I read the text. Although some of my colleagues and some people who expressed their own opinions or interpreted the text [of the decision] thought that it had left the door ajar, I did not think so.

[Question] We are talking with 'Isam al-Sartawi who represents the organization and who at the same time has his own thoughts. You criticized the organization's position on the Reagan initiative, and you did so from the position of "the loyal opposition" or that of "the faithful dissident."

[Answer] Mr Anis, first of all it is not true that 'Isam al-Sartawi is independent of the Liberation Organization. For us the organization symbolizes Palestinian national identity. We cannot be independent from it. We may or may not be members of the organization's official institutions. However, this does not mean that we are independent of the organization. I am committed to the organization, and I consider it one of the most important gains that my people realized, not only because it symbolizes national identity, but also because it is a tool for [our] national will and it is a practical manifestation of [our] national rights. Hence, I am extremely concerned about devoting all my efforts to reinforce and strengthen the liberation organization. In fact, when I criticize the organization and when I assume an opposing position within its organizations, I do so to strengthen and reinforce it and not the opposite of that.

[Question] Let us go back to your criticism of the organization.

[Answer] Actually, my position has been misunderstood. I was not able to present my opinion on this matter in the National Council. This was something I had hoped to do and was concerned about. Consequently, no one knows my ideas and my point of view as I expressed them in a number of statements before the council was convened. The Reagan initiative has numerous shortcomings. Chief among those is the fact that it ignored discussing the rights of the Palestinian people and basically the right to self-determination. The Reagan initiative completely ignored the liberation organization, which is a matter of utmost importance. The Reagan initiative ignored the Palestinian diaspora, implying that the Palestinian question involved settling the conditions of our colleagues who are living under occupation on the West Bank and the Gaza Strip. The Reagan initiative thus disregarded 3.5 million people who were being slaughtered in Lebanon and elsewhere and who were starving to death in refugee camps that are scattered in every region in the Middle East. These then are the shortcomings we are defining regarding the Reagan initiative.

I've also said publicly that there were positive points as well in the initiative. The first one is that the initiative calls for a freeze on Israeli settlements. This is a matter of utmost importance, danger and sensitivity. I think it ought to be placed first on a list of priorities [to which we are to devote] our interest because the West Bank and Gaza are being Judaized and confiscated one inch at a time. Unless we on the outside realize these facts and

work seriously and carefully to end the tragedy of the West Bank and the Gaza Strip, there will be no West Bank or Gaza Strip for us to disagree about.

The second point is that the Reagan initiative dealt indirectly with Israel's decision to annex Jerusalem when it placed that problem once again on the agenda for discussion. In the mean time Israel is considering Jerusalem a part of Israel and has decided to annex it.

The third point is this: Reagan said something important in the address he made in which he proposed his initiative. Reagan said the United States realized that the Palestinian question was not a question of refugees but rather a question of a people who have rights. Reagan talked about the legitimate rights of the Palestinian people, and he discounted Resolution 242's description of Palestinians as refugees which we had been objecting to continuously.

Thus there are positive points as well as negative ones in Reagan's initiative. Where do we stand on this? It is my opinion that we were not required to say either yes or no to Reagan. The proposal in any case was not presented to us. The proposal was a declared U.S. position. In the world of politics a position is the starting point of negotiations. The United States thinks that the starting point in its views and negotiations is this collection of principles. Why should I, whether I am Palestinian or Arab, assume that the starting point is the final point? When I approach a plan as though it were a static quantity that cannot be changed or altered, I am ruling out the definition of what constitutes a starting point in the science of negotiations. It is my judgment that we had to define the Reagan plan as the starting point for the U.S. position, and we had to propose in return a preliminary point for negotiations on our part. The science of negotiations is ultimately the science of reconciling two diverging points of view and bringing them closer together and fusing them through long negotiating sessions and bitter confrontations in the negotiations.

It was thus my judgment that we were entitled to announce our objections to the Reagan plan and to stress its weaknesses. We also had to approve its positive points if there were indeed positive points in it. If freezing the settlements is something positive, then we have to say so. Of course there are some of us who do not think that freezing the settlements is something positive, and we heard opinions to that effect.

[Question] Who holds that opinion?

[Answer] I do not wish to say whose opinion it is. The records are clear, and there is nothing hidden on our scene.

It would have been more fitting for us to stress and criticize the weaknesses of the Reagan plan and to ask that these points be changed. But why should we turn down the plan? Who presented it to us [in the first place] so that we would turn it down? Why do we rule out for ourselves the possibility and the capability of changing the plan by assuming a rejectionist posture?

Palestine, Jordan and the Reagan Initiative

[Question] How realistic is that opinion? The initiative is a dynamic process that requires a joint Jordanian-Palestinian delegation. And this requires a Palestinian opinion, but the Palestinian posture here is not clear.

[Answer] Mr Anis, as we said, it was hoped that the council would come up with a formula that would permit us to change the positions of others and would not rule out dealing with the practical choices that are being presented. Naturally the council would control and define such a formula by setting national boundaries and controls so that there would be no excesses and no shortcomings. You are saying that these are the boundaries set on political action by the Palestinian legislative institution. Instead of having the legislative council deal with detailed questions--and this is not a customary matter--the council had to deal with the broad lines of the Reagan plan.

I had hoped that the council would say that we would give our elected Palestinian leaders the freedom to take political action, provided that they abide by the following controls: our national political leaders were not to take part in any political or diplomatic activity that would abort the rights of the Palestinian people, abort the unity and legitimacy of the PLO's role as the representative of the Palestinian people and divide the Palestinian people into Palestinians under occupation and Palestinians in the diaspora. These are the controls that the National Council should have authorized to guide leaders in their political activity. But if the legislative council will be making executive decisions, accepting or rejecting immediate choices--and there are many choices that are presented to the leaders--then that would deny the leaders their role. Accordingly, it was a major mistake for the council to close this door. Even if there were a consensus that something ought to be rejected, such rejection lies within the authority of the executive leadership and not that of the legislative institution, which is to set forth the general controls and not the executive details.

The Silent Palestinian Majority

[Question] Why did you call the Algeria Conference the conference of the silent majority?

[Answer] I did not call it the conference of the silent majority, but I did say in an interview that I believed [it to be that]. This is an assumption on my part, and God knows best for I have no way of confirming this. I said I assumed that my points of view represented the opinion of the silent Palestinian majority. I am saying this on the basis of some general analogies. For example, when Abu 'Ammar met recently with Gen Peled, the president of the Israeli-Palestinian Peace Society, Abu 'Ammar was sharply criticized and even reviled. By comparison our camps in Lebanon sent telegrams to show support for that meeting, and they issued statements to welcome it. It is these camps that were slaughtered and the Palestinians who were in those camps who realize the danger of verbal excesses and how painful and deadly they can be. It is those Palestinians in the slaughtered camps of Lebanon who realized through the deadly fires that were hurled on them the meaning of reason in political action and the meaning of objective, scientific tendencies that deal with the world as it really is and not with worlds that have nothing to do with reality. Those Palestinians who remained alive realized that if Palestinian reason had prevailed in the period that preceded the invasion, they would not have been slaughtered in their camps. Those Palestinians realized that what used to be called treason by those who tend to exaggerate is not treason but rather the height of patriotism. Our simple people discovered this fact in their camps. I am honored that the opinions of the masses, the toiling refugees of my people in their camps, support my views. I do

not want the support of professionals and immoderates. I am therefore saying, yes, there is a silent Palestinian majority that is beginning to speak out. I believe that what I am proposing and what I am doing express the opinion of this majority.

Resignation and Slumber for 100 Years

[Question] What is your official position now? We heard that you submitted your resignation but that it was turned down. [We heard that] this did happen before. In 1979 you offered the leaders of the organization your resignation after you accepted the Kreisky Foundation Peace Prize which you shared with Arye Eli'ay - the former secretary general of Israel's Labor Party.

[Answer] Mr Anis, there is no mystery in my position and my opinions. Of all those who devoted themselves to the service of our people, I am the only one who made his proposals publicly and who as a result was subjected to all kinds of suffering and abuse. I was subjected to all sorts of things whose details I do not wish to go into. I want my people to achieve as much of their rights as they can. I am fighting with all my power so that my people would have a state, an entity, an identity and a passport. This is something that many of us will not disagree about. We all want this for our people. I don't think there is anyone working on the scene who does not want this--regardless of his political inclinations and tendencies. The difference does not lie here. It is only when we go into details about how we are to achieve that objective that we find differences of opinion. Some people say we are in no hurry. This is a point of view that has been made. [They say] this stage does not allow us anything; political action is harmful because it would cause us to lose very important national options. [They say] Israel will not become a legitimate entity unless we recognize it. Let us then wait 100 years until conditions change; we can then throw Israel into the sea. This is a political point of view that can be found on the scene. Our colleagues in the Popular Liberation War Organization, or al-Sa'qah, are setting forth that opinion publicly, and it is their right to do so.

There is another theory on the scene which states that we have to freeze political action and try to revolutionize the Arab region. [According to that theory] we are to leave Israel and create revolutions in the different Arab regimes, replacing them with revolutionary regimes that would mobilize their forces to attack and do away with Israel. Proponents of this opinion are also entitled to make their opinions known, but it is [also] my right to say that this would mean that we freeze all the efforts we are making for Palestine and forget our people for an unknown number of years and for a period of time whose length God only knows. We are to take into account the fact that if we follow that course, we would be like someone buying fish in the sea. No one can guarantee that the leading revolutionary forces who are proposing these slogans can revolutionize the area in the manner they wish.

On the other hand we saw that some of the ruling regimes in the Arab east are revolutionary regimes. And who was it that said otherwise? Aren't these the regimes that are proclaiming the slogans of the Arab Revolution? Iraq and Syria are. Then the Revolution does exist. Does this mean that we are to overthrow and replace the existing regimes in Syria and Iraq? Are we also to overthrow the existing regimes in the Gulf and elsewhere? This proposal is extremely complex

and extremely dangerous because it would lead us into endless mazes. We have no right to interfere in the affairs of fraternal Arab countries. But we do have the right to ask them for support; we do have the right to call their attention to what for us are imminent dangers. But it would be ridiculous for us to interfere in their internal affairs and carry out a series of coups to install new governments and leaders whom we call revolutionary so that these governments and leaders would attack Israel. Furthermore, if we do bring these regimes to power, they will discover the truth that current Arab regimes have discovered: that Israel is a superior military power and that its backers are guaranteeing that Israel remain superior over all the countries around it. What are we to do then? After 30 years we will have brought leaders to power who would discover this obvious fact! This then is a course that would lead us nowhere.

There are other courses [of action] which state that we are to strengthen our relations with certain international movements as we change Arab balances of power inside the Arab countries, from social tendencies with specific characteristics to other social tendencies. As we strengthen our relations with a certain international movement, we will create the objective conditions for change. Naturally, it is legitimate for us to talk about international relations. It is legitimate for us to strengthen our power by strengthening our international relations. But will the solution [to this problem] be an international one that comes to us from abroad? Or is this some kind of escape from having to face reality?

Because of all this I am saying that all opinions that are being set forth to escape from reality have no scientific or objective basis. Hence, it is our duty to deal with the real world as it is: how are we to take for our people what can be taken through existing and prevailing balances of power and through the given factors of political action? How can we increase our abilities to take something, instead of rendering these abilities ineffectual and diminishing them? This means that we have to set forth a principle of political struggle that is serious, bold, purposeful and scientific; that principle is to have nothing to do with sensationalism, expediency and attempts to fish in troubled waters. We are to do this for ourselves, for our people and for our children; furthermore, we are to do it for our Arab nation. This is because with the 100 years of slumber it faces, Israel is making its own plans. As we talk about developing our capabilities to confront Israel and to defeat it militarily, anyone who thinks that Israel will not be aware of that and will not be trying to change the material world and its possibilities in its favor is mistaken.

I am fully convinced that Israel's plan requires it to reach the Arabian Gulf by expanding eastward to acquire the sources of Arab oil. Israel would do that so that it could control a basic source of power that would free it from [its dependence on] the United States and save it from total reliance on that country. Gaining control over the sources of Arab oil would give Israel the economic self-sufficiency and the economic vitality that it does not have [now]. It would also make Israel vital militarily through two matters: it would break up the Arab nation from here to the Gulf into small, sectarian states that depend on Israel for their sovereignty and the management of their daily affairs. [Second], Arab resources would be utilized to develop Israeli technology and to make it possible for Israeli weapons factories to manufacture the weapons that Israel needs. The surplus would be exported to create an economic, industrial empire through which Israel would complete its independence and economic superiority even after the oil is depleted.

This then is the Israeli view. What can one find opposite this view? Do we confront it with unknown quantities? Do we confront it by saying that future generations will overpower Israel? That would abort our generation's role of struggle; it would abort our generation's responsibility. Therefore, we have to deal with this material reality. I have to see Israel as it is: superior and capable. I have to admit to myself that it is Israel that can exercise a military option against me and not I who can exercise the military option against it. [I have to realize that] it is Israel that is expanding. I have to realize that the balances of power in this world were not in my favor when Lebanon was occupied and destroyed and the tragedy occurred.

In the past we used to say that war [with Israel] was so swift that the wheels of the world's political and diplomatic organizations could not turn swiftly enough to do something about it. This was the legendary backbone of our heroes--the heroes of the Lebanese people and the heroes of the Palestinian people. It is this legendary heroism that enabled this small group of people to withstand [Israeli aggression] for 3 months. That provided an opportunity for every party to take action. But what did we find? What did the superpowers do? What did the Arab brothers do? [Our Arab brothers did nothing], not because they enjoyed seeing us being murdered, but because they had not told their people about Israel's military might. Thus, they could not do anything about this invasion, and they were forced to come out of that battle in the manner in which they did. If the Arab brothers had been candid with themselves and if we had been candid with them, we would have said, "This is Israel and these are our borders with it." We would not have had to be in such a shameful position of standing by and watching while two Arab peoples--the Lebanese and the Palestinian--were being slaughtered. This is an Arab nation that cannot demonstrate. In the Middle East region there were, unfortunately, only three demonstrations. There was one major and basic demonstration, or rather several, in Israel; there was a very small demonstration in Cairo; and there was a third demonstration in Kuwait.

If we understood our responsibilities; if we understood that leadership has characteristics and requires certain conditions and one of them is truth with the masses, our masses would not have been as unfortunate as they are today. Our masses would have realized that Israel's power is considerable and dangerous. Shouldn't we then call a spade a spade and identify this danger that is threatening this entire nation? Shouldn't we define the parameters of this danger and come up with scientific, rational and objective means to ward it off and confront it? Or should we continue to lie to our people and portray to them matters that are not true and let them suddenly wake up one of these days and discover Israel bearing down on them? This is the truth. Hence our difference on the Palestinian scene is a difference over how the objective, which I consider a basic problem, is to be achieved. The Palestinian state that we are striving for is not only a regional Palestinian objective, but it is also a pan-Arab objective because it will constitute a line of defense against Israel's expansion toward the Arabian Gulf. If we succeed in establishing this Palestinian state, we will have saved the Arab nation from Israel's far-reaching plans.

How are we to achieve this in the face of not only the deterioration but also the collapse of the balances of power in the Middle East? This is the major challenge that we are facing. This is the historical and the rational challenge that I as a Palestinian have to face before any other Arab. Every Arab nation is protected in its homeland, and we thank God for that. Arab peoples have their passports, their

supply institutions and their hospitals. No one doubts the Egyptian identity of an Egyptian, the Syrian identity of a Syrian or the Jordanian identity of a Jordanian. However, my identity as a Palestinian has been stolen and lost, and my ability to provide my people the minimum requirements of life is not to be found. Accordingly, my mission as a Palestinian is a tremendous one, a mission that is greater than one can imagine. This is above and beyond the basic challenge I am facing because not only am I required to provide my people with travel documents, ration cards and tents, but I also have to provide them with a homeland. Without a homeland I will not be able to deal with their problems. A homeland is the only way by which the problems of my people can be corrected.

In the midst of this total disintegration of the balances of power, how can I as a Palestinian or a Palestinian organization provide what my people need and achieve the strategic objective of building a state? I have to think more than twice, and I have to decide on several matters. I have to decide first whether I want to serve my people or myself. If my intention is to serve myself, then media and publicity agencies will make me a hero if I escape 100 years in the future. I would become a major hero: my pictures would be in newspapers; I would be described in heroic terms; I would be given luxurious cars and lavish apartments; I would be entitled to travel to Arab capitals; and I would be entitled to enroll my children in the schools of Arab regimes. All this provided I flee from the present tragedy of my people and find haven in an unknown solution that I would set forth to my people [as a solution that would come about] after 100 years. But if I decide to serve my people, despite everything other people say, I would arm myself with undying affection for my people and with endless satisfaction with them because the confrontation would be extremely bitter and lonely. It is extremely lonely. Unless a person is armed with affection for his people and with his ties to them, he will not be able to escape from his conscience, and he will find it easy to find for himself and his ego ways for receiving accolades, applause and words of praise. However, the will of the Palestinian people is reflected in those who did dedicate themselves despite all these factors and considerations; it is reflected in those who decided to confront the needs of the people with candor, without equivocation and with courage.

We can hence understand the problems and even the tragedies of individual initiative on the Palestinian scene. Individual initiative that finds itself at odds with established foreign interests will be suppressed and will be confronted with every order. The suppression capabilities of established non-Palestinian institutions are considerable; only those who were their victims realize their capabilities.

This statement suggests one aim: that of aborting the will of the independent Palestinian decision; aborting the will of independent Palestinian thought; and aborting the will of independent Palestinian inquiry. This is because we do not have in our midst anyone who has a way out or a solution. Israel is occupying our entire homeland; the United States is supporting Israel; and we do not have the military power to get Israel out of any part of our homeland and establish a state. How then can we deal with others? Accordingly, new methods must be devised. Palestinians were required to deal not only with the common means of struggle and political action, but they had to invent new means. And this is exactly what we did. We devised new methods. The strategy that we proposed is unprecedented: we proposed a dialogue with sectors of Israeli society [even] as we were engaged in this fierce war with Israel. No one had proposed this before we did.

Coming up with these new methods thus demonstrated the fact that the Palestinian mind had refused to yield and to surrender and had decided to pursue all legitimate, existing and non-existing avenues to find for itself, for its people and for its nation a way out of that material reality. In turning toward Israeli society and extending our hands to Israel's democratic and progressive forces, we were refusing to surrender. We are the radicals then and not the fleeing rejectionists.

It is in the sum total of these views of refusing to yield to an inadequate situation that what we call our national, Palestinian independent course stands out. It is this course to which Fatah made a basic contribution. We have to recall that it was Fatah that fired the first military shot that set off the Revolution in 1965. Ten years later Fatah fired the political shot that set off the political revolution. Why Fatah? Because Fatah is the leader. It is the Palestinian body that represents the reality of Palestinian national interests. Fatah represents the will and the interests of ordinary Palestinians. Fatah is an organization that is open to all Palestinians. The organization includes those who are called extremists, those who are called moderates and those who are described in all the known political colors. But Fatah and its men are distinguished by the fact that when they make an effort in their various endeavors, they do so out of their affection for Palestine and their association with it. They do not make their efforts out of loyalty to this party or the other. Inside this rich organization that is called Fatah, the firing of the first shot was the spark that caused Fatah to erupt from the inside and caused internal problems for the organization. These problems were settled then by Abu 'Ammar when he rushed off toward a military battle. After 10 years Fatah too faced the same dangers because after 10 years of the armed struggle Fatah realized the truth. Fatah realized that there was a world out there that had to be dealt with. Fatah realized that defeating Israel was not going to be a picnic. Hence the search began. In 1974 Fatah proposed an intelligent initiative when we introduced a sensitive amendment to the 10 points of the Palestinian National Charter. We said that the Liberation Organization would strive by all means, chiefly by armed struggle, to achieve the Palestinian national objective. Armed struggle had been "the only means" before then for achieving the national objective. Fatah thus anticipated the future by introducing this expression which established the role of the political struggle. This was done through this break and this careful thinking in which a number of Fatah's leaders had taken part. This is not my own line of thought, but it is one to which Abu 'Ammar, Abu Jihad, Abu Mazin, Abu Sa'id and others had contributed. It was the principal leaders of Fatah who faced this historic challenge and who decided to deal with it. Hence came the renewal and that bitter battle that had various effects on the Arabs. Both the renewal and the bitter battle had effects on Fatah too. As a result of these effects we lost some people who will be hard to replace. We lost people like the late Sa'id Hamami, the late Na'im Khadr, the late 'Ali Nasr Yasin and the late 'Izz al-Din al-Qalaq. We cannot replace those people who lost their lives.

This then is the essence of the problem for us. The challenge [we are facing] is considerable and tremendous. We in Fatah confronted that challenge in a scientific, objective and bold manner. We did so in the face of various difficulties and in the face of rejection and unreasonable challenges. This course [of action] has been strengthened. We began this course secretly and abashedly in the early seventies. Now it has become a declared fact that the world can hear and see. Our

best people paid the price for that course with their blood. And now we disagree about the details. We do not disagree about the principle of talking or not talking, but we do disagree about the forces with whom we will talk. Therefore, we did make progress.

Nothing Will Be Offered to Us on a Silver Platter

[Question] There is an opinion which states that any political settlement [now] would be the product of the present balance of powers which does not favor the Arabs. Accordingly, responding to any diplomatic formulas--no matter what they are--will not achieve minimum Arab demands. What do you think about that opinion?

[Answer] Nothing will be offered to us on a silver platter. We knew about the disorder in the balance of powers even before the accuracy of that analysis was established on the battlefield. We became convinced of that in the early seventies. It was specifically from that premise that we designed a new confrontation strategy through which we turned to Israeli society to establish relations of dialogue and an alliance with forces in that society so that with them and through them we could [eventually] change the balance in favor of the will for peace in the region. It is through that will for peace that we will realize for our people their rights. At the same time we are also to remember that we are not to allow ourselves to despair, nor are we to allow despair to control our spirits. Despair paralyzes one's ability and one's will to act. If the circumstances we are facing are unfavorable, then we have to create new circumstances across which and through which we can act. This means first and foremost that we need to face up to reality courageously and not escape from it. Escaping from reality means escaping from a solution. It means yielding and surrendering.

After facing reality we have to become innovative in our thinking because nations cannot relinquish their interests and their identities no matter how vehement the attack on them is and no matter how difficult circumstances are.

[Question] What is your view of the Palestinian-Jordanian relationship? What are its boundaries? What is the legal formula for this relationship? What are the factors that work in its favor, and what are the factors that work against it?

[Answer] The Palestinian-Jordanian relationship has its roots in history, in the common heritage, in the common life [of the people] and in common interests. If we were to go back to ancient history and look at the map, we would see that historically speaking, the three principal cities in Jordan are comparable to three principal cities in Palestine: Baysan, Irbid, Nablus, al-Salt, Hebron and 'Amman. There is a human bridge linking these six cities together. One finds the al-Nabulsi family in al-Salt, for example; a former prime minister came from this family. The relationship, therefore, is organic and historic; it is a relationship that stems from having the same destiny link our people on the West Bank and the Gaza Strip.

From these premises and out of a commitment to the common cause, it was essential that Palestinian and Jordanian leaders establish this distinguished common relationship in the form of a political agreement that would set up a plan for this relationship and define its nature and its parameters. There was nothing curious about Palestinian-Jordanian tendencies that were developed and culminated in a

decision by the National Council about a relationship of confederation between the two parties.

Dialogue with Israelis: a Strategic Overture

[Question] Let us go back to your view of Israeli society as a pluralistic society with which dialogue could be beneficial. Is this rhetoric or politics? What we mean is that what we see is a Zionist framework that defines the range of activity in that society. Support for the Begin government has grown, and the peace movements are not able to gain any real influence in the decision making agencies.

[Answer] As I said, this experiment is unprecedented in the history of nations and in the history of the movement of struggle. Actually, when we began this strategic overture we found no preceding experience or model to guide us. Accordingly, we improvised rules for action daily as we pursued this strategic overture and saw both its negative and positive reactions and effects here and there. Throughout these long and bitter years we were able to formulate a clear view. The most important feature of that view is that dialogue is a strategic and not a tactical overture. This means that we are seeking dialogue for strategic considerations, and not as many people think, for tactical ones. These strategic considerations may be basically summarized in giving shape to and developing a movement in Israel that believes in the national rights of the Palestinian people, a movement that accepts the Liberation Organization as the only legitimate representative of these people, a movement that agrees to a full Israeli withdrawal from occupied Arab territory. We are saying occupied Arab territory and not just Palestinian occupied territory.

Thus, the emergence of such a movement would constitute a strategic shift that would play a strategic role. We are hoping that after we create and give shape to that movement, its capabilities will expand and grow so that it would influence Israeli political decisions. Our objective then, after taking part in giving shape to that movement through dialogue, is to take part in arming this movement with political credibility and with the support of our Palestinian masses which have the right to vote within the 1948 borders. [Members of that movement] would then win enough seats in the Knesset and have a chance to influence decisions. Using scientific calculation and not emotional conjecture we estimate that if the proper support is made available to this camp--and I am talking specifically about providing credibility and good ties with our Palestinian masses in the country--that camp can fill no less than 25 to 30 seats in Israel's Knesset at the present stage. This figure can be changed by considering in greater depth the structure of Israeli society and the factors that affect it.

When we talk about political credibility, we are talking specifically about a weapon we can offer this camp for its use when it faces Israeli public opinion. The men in the peace camp are continuously being asked, "Do Palestinians recognize you so that you would come to defend their rights? Did they recognize your rights?" Accordingly, campaigns against the peace camp on the Palestinian and Arab scenes have been extremely negative and dangerous in so far as they did a great deal to paralyze the growth of that movement.

Difference between the Egyptian Peace Experience and the Palestinian Experience

[Question] At the same time, however, it may be said that Egyptians have experienced dialogue with various Israeli forces. This experience began with a peace initiative, and it set an example of the ability to achieve peace. Nevertheless, there is a feeling in Egyptian public opinion now that Israel's ability to respond is ultimately one that is limited by basic factors in the makeup of that country. Israel insists on a certain philosophy and on a certain view of Arabs; Israel uses certain methods in dealing with Arabs.

[Answer] We have to make a complete distinction between these two experiences. The Palestinian peace experience started many years before the Egyptian experience. Second, the Palestinian peace experience was not aimed at the Israeli official establishment; it was rather aimed at popular and mass organizations. It was aimed at forces within certain circles that do not have the power or the ability to make decisions. Instead, they have the ability to bring about change in positions when they become convinced that such change is necessary. Thus, the two courses are essentially and radically different. In one course one government deals with another government, with all the conditions implied therein when governments deal with each other. The other course by comparison is one that involves an experience with the people.

Third, when governments deal with each other, it is the government that makes the official decision and implements it, utilizing therein its parliamentary standing and the state's authority. At the same time what we are striving to achieve is to change the point of view of Israeli society. We want to change the posture of opposition to the rights of the Palestinian people to one that accepts those rights. This means that regardless of what the masses believe, persuasion not authoritarianism should be our approach.

Fourth, in our dealings within a framework for peace we deal with the problems of the masses. Our dialogue is an attempt to study Israel's public opinion and Israel's forces. It is an attempt to arrive at means and methods with which we can face the difficulties that we sense from the experience and with which we can attract automatically to our position and our conviction broader sectors of Israel's masses.

When it was actually time for the test, we, the Palestinian men of peace, were able to mobilize the mainstream in Israel. We applied pressure, and we mobilized the mainstream in Israel.

[Question] Isn't this due to several factors, and isn't one of these factors the precedent of the peace that was achieved with an Arab party?

[Answer] Our experience was the one that led the way. Naturally, we do not have a monopoly over the peace movement. Quite the contrary, we want the terrain for peace to expand. But as we've seen our experience succeeded in mobilizing the mainstream in Israel, and to a certain extent it succeeded in curbing the unfair and tyrannical government in Israel.

The Story of Hurling Bombs at the Jews of Baghdad

[Question] We now come to the story about Palestinian-Israeli communications in

which you played a principal role. We know, for example, that the communications began in the home of Mendes France, the former prime minister of France. These communications began in the mid seventies, and at that time about 25 meetings took place.

[Answer] A talk about the history, the roots and the development of these communications would be lengthy and would require volumes. But what I can say is that after this view took shape, the view that it was necessary to pursue this course or--since there was no door but rather a massive rock--dig through that tunnel in the rocks of Middle East reality, some thoughtful colleagues decided that they would be the ones to dig through this tunnel of rock. The decision was a difficult and a bitter one and the digging went on for years, but it came as no surprise. We brought it up in our overture about the rights of Arab Jews. Before we came to the dialogue, we went through change [too]. We are human, and it was not easy for us to change from a position of fighting the Israeli enemy to a position of talking with him. There were stages. We thought about the rights of Arab Jews after studying the makeup of this Israeli society: how it came to be, how it came about and how it developed? We discovered that most Arab Jews in Israeli society came from Arab countries. If this is the case, how and why did they come, and what made them emigrate?

And it was here that we discovered the conspiracies to which Arab Jewish communities were subjected. It was these conspiracies that caused them to emigrate. Among these conspiracies were those in which bombs were hurled at their temples in Baghdad and elsewhere, even in Egypt. These bombs were Israeli bombs, and they were thrown in accordance with an Israeli decision. We in the Palestinian Revolution documented the fact that it was Mordechai Ben Porat, who is now serving as minister in the Likud government, who hurled the bombs at Jewish temples in Iraq. Another man, Yehuda Tagar played a smaller part in this operation; he is now a researcher at the Institute of Political Studies in Haifa.

It's been established that the conspiracy was a major one and that it was a conspiracy between the Israeli command and Arab governments, which did not have much foresight at the time. This was what happened, and it opened our eyes to the suffering of Arab Jews. In the early seventies we--to be specific, I mean my colleague Abu Mazin and I--began a campaign for the rights of Arab Jews. The campaign covered Iraq where laws were issued to remove the injustice that befell Arab Jews under the Sa'idi and Suwaydi governments before the revolution in the fifties. We did the same thing in Morocco, and we made efforts in Cairo, Sudan and Libya. We did all this to ensure the rights of Arab Jews. This was one of the noble postures that we cherish and are proud of. From a position of fighting the enemy, we had the ability to look at the humane aspects [of the situation] and to face up to them courageously. We proposed a domestic Arab battle to defend the rights of Arab Jews whom we considered to be citizens, who were entitled to rights and for whom we had to strive and struggle. That was the initial stage.

When we probed further, we began moving into more advanced stages. As long as these people were unfairly treated as we were, why don't we advance further? Can't we talk with them? And so it was that horizons began to grow gradually. This expansion of horizons was naturally accompanied by a re-evaluation of circumstances, given assumptions and laid out choices. These were the questions, the independent opinions and the studies that took us to Resolution 74 which officially opened the door for political activities in numerous areas.

When these resolutions were made and when they took shape in the context of a small circle of Fatah leaders, practical action began with efforts to test the waters, and communications began slowly. There was no model to provide guidance; we had to improvise and to overcome psychological and material difficulties until we reached the stage during which direct meetings with Israelis took place. During those meetings questions of peace were discussed and political positions were developed to the stage that we know about.

Many people played commendable positive roles in this complex, historical process. Among them was a group of Egyptian Jews. This group played a basic role. From the dealings I've had with this group, [I know] that it is a group that had and still has much affection for Egypt. In fact, I can say that Egypt is their first love despite their alienation, their emigration and the fact that they are living abroad. They eagerly await news from Egypt. One of them was a man who was unfairly treated, the late Henry (Corell). Only one Egyptian eulogized him and spoke well of him when he died defending the cause of peace. Many other people wrote disparagingly of him after his death.

Many international figures played positive roles [in this process]. President Mendes France, President Senghor, Chancellor Kreisky and others were among them.

Meetings in France, Austria and the Senegal

[Question] It was published that President al-Sadat and President d'Estaing knew about these communications and encouraged them.

[Answer] As president of the country Giscard d'Estaing knew. We are talking about activities that began in 1974. Naturally, the French government knew about them and played a positive role in them. The French did not interfere in these meetings, but they did let us know that they were prepared to offer us any support or assistance we needed. We appreciate the supportive postures of the French government under d'Estaing and Mitterand.

We can then say that many persons supported this dialogue. However, this dialogue was basically one between Palestinians and Israelis. It was our own initiative that received support from abroad. This was neither a French nor an Austrian plan; nor was it one conceived by Senghor. It was with our own means that we began our contacts. When we needed help from abroad, we sought the assistance of friends who did not hesitate to give us their support. When we needed a meeting in Austria, Chancellor Kreisky did not hesitate to provide us with the conditions and capabilities. When we needed a meeting in the Senegal, for example, President Senghor would place his capabilities at our disposal.

It is not true that the dialogue was initiated by a foreign figure who is not engaged in the dialogue. When we devised this strategy we did so not out of shame from anyone and not to comply with anyone either since no one could have proposed anything to us that had not already been proposed.

Israelis Accused of Treason

[Question] During the first stage of these communications questions were asked about the position of Israel's Labor government. Although some members of that government, like Alon for example, made statements condemning Israelis who took

part in those meetings, it was also said that other members of the government at that time had foreknowledge of these communications and were encouraging them. Israelis who took part in these communications made statements indicating that they were briefing the government regularly.

[Answer] When we recall the moment when the subject of the communications was leaked, [we realize] that the leak came from the Israeli side. Israeli negotiators are naturally independent agents in full possession of their faculties. We would not have placed conditions on them--conditions about whom they would talk to and whom they would inform--and they too did not place conditions on us. They would not have accepted conditions, and we would not have accepted them either.

We know who leaked the news about these meetings. Government sources leaked the details about these meetings to the journalist, Nakdimon, the editor of YEDI'OT AHARONOT. He published the news, and that set off a series of crises. The purpose of publishing the news, and this was done in October or November 1976, was to kill the Palestinian party and to mobilize Arabs and Palestinians to kill this strategy. This is certain, and I know who it was who disclosed this matter.

At the same time, when these meetings became known, there was an uproar in the Israeli Knesset. The Likud, which was the opposition party at that time, united with many members of the Labor Party and called for the trial of Arye Eli'av, Gen Peled, Uri Avneri, and other men in the Peace [Movement]. Me'ir Pa'il Oren Cohen, Yosi Amitay, Jacob Rubinstein and others were among those men of peace and fighters for peace in Israel. Fierce battles were fought in the Israeli establishment and in Israel's parliament. From premises that have to do with the definition of democracy in that society, the matter was referred to a subcommittee, and it was tabled until a decision could be reached as to whether or not these communications were considered treason. The matter did not stop there: it went to court when Israelis filed lawsuits--and this is a right allowed by Israeli law--against Peled and Avneri for grand treason. Trials actually took place. Thus, there was an Israeli attack and there were also Arab and Palestinian attacks.

Did the government of the Labor party, which was in power at that time, benefit from the opportunity for peace that manifested itself in these communications? The answer is no, it did not. In fact, the Labor Party government fought these communications. This is not only what I am saying, but it is also what Gen Mati Peled said in his response to allegations made by Rabin and published in his memoirs of the period when he was in office. Gen Peled refuted these allegations scientifically, objectively and accurately.

The Document That Was Repudiated 5 Minutes after It Was Issued

[Question] There was news about a document that had been agreed to, but then the Palestinian side repudiated it.

[Answer] You may be referring to the statement that was made by Gen Peled on the evening of the day following New Year's Day in 1977. We had met for 2 days of talks in the context of our periodic routine meetings. At the end of the meeting my friend Gen Peled told me, "I would like to go back with a statement, and I would like to make a statement saying that I had met with my Palestinian

counterpart in the talks and that I am making this statement accordingly. I would also like you to look at the statement that I will make."

I remember telling him, "My friend, there is no need for me to see the statement you want to make. It is your natural right to say what you want to say." Then he told me, "But I want to be able to say that my Palestinian partner in the talks saw this statement." I considered the matter at length and after carefully evaluating the consequences, the disadvantages and the benefits and realizing the urgent need our friends had for some credibility, I told my friend, "All right, you write the statement you wish to make, and I will look at it." He wrote the statement and asked me, "Do you wish to make any changes in it?" I told him that if I were to make a change in the statement, I would stress the fact that we were not issuing a joint communique. He then told me, "This is not a joint communique; it is a unilateral declaration that I would like to say I showed you." Actually, I recall making a change in one of the paragraphs of that statement. Then the man went back to Israel and called a press conference--the statement was printed prior to the press conference--and he read his statement at the press conference. I recall that half an hour after the press conference--and I knew beforehand the time he was to read the statement--my friend Péled called me from Tel Aviv. He told me, "What is this? Our statement has been repudiated." I told him, "What are you talking about? You made your statement only half an hour ago. How can you say that in this half hour the statement was relayed from Israel to Beirut and some parties in our organization in Beirut looked it over and were able to issue a statement that reached you? This is incredible." He told me, "But this is what happened."

Naturally, I do not wish to comment on this incident. Actually, when we did go back to examine the repudiation that was issued, [we found out that] the telex that was sent from Tel Aviv was sent at 9:12 p.m., and the repudiation telex that was sent from Beirut was sent at 9:17 p.m. We conducted an investigation into the matter since it would be impossible for the repudiation to be issued only 5 minutes later. But this is a long and a big story whose details I do not wish to go into. However, it shows that there is an awesome power with tremendous capabilities that was fighting this will for peace. Despite everything, however, it was the will for peace that gained victory.

[Question] Isn't one of the problems of this strategy the large number of repudiations that are made after every tactical move you make?

[Answer] There are no tactical moves being made. I said from the beginning that the dialogue with the progressive Israeli forces was a strategic step. There were parties on our scene that rejected this move; they were impeding it and they were using the democracy that is available on our scene to attack, criticize and object to that strategy. There is no doubt that this position created many problems for our friends in the Israeli forces. It also delayed and significantly weakened the Peace Movement [in Israel].

[Question] Let us shift to another side of your activities. It was said that you contacted western countries last year and that these contacts were about to evolve in a declaration by the organization that was to be made on 14 June. However, [that declaration was aborted by] Israel's invasion of Lebanon.

[Answer] This subject has to do with U.S.-Palestinian relations and the attempt to thwart the invasion of Lebanon. We knew that Lebanon was going to be invaded, and we knew the boundaries and the dimensions of this invasion. I was personally engaged in an attempt, known to Abu 'Ammar, to thwart the plan for this invasion. The step was to be announced on June 14. Arab and international figures had taken part in it; Mohamed Mzali, the prime minister of Tunisia and other first-rate European figures were among them. However, this attempt failed.

Europe between Independence and Subordination

[Question] This brings us to Europe's role. Much of the work you did was in Europe. What is your evaluation of Europe's role?

[Answer] Europe has very close ties with the United States, where Europe's security originates. Europe does not provide its own security in the context of the stand-off that exists between the superpowers. It depends on the United States. Thus, Europe is subordinate economically. However, there is some competition between the United States and Europe, and this competition extends to the Middle East question.

There are three main powers in Europe: France, Britain and Germany. Germany and Britain follow the U.S. line completely; France exercises some independence. That independence grew after Mitterand came to power. While the position of the United States, Britain and Germany is based on the demand that the organization unilaterally recognize Israel as the price for establishing relations with it, the French position is calling for mutual recognition. France's posture thus coincides completely with Austria's. We made clear gains in Europe. We have, for example, an office in Britain even though Britain does not recognize us officially. Nevertheless, communications do take place between the organization and official civil servants in Britain. The case is the same in Germany and to a greater degree in France.

As far as the decisive step is concerned, that of full legal recognition, that is something that only Austria, our friend Kreisky, and Greece have given us. As far as the west European powers are concerned, I do not believe that Germany and Britain are prepared to risk recognizing us and to take a step ahead of the United States. France, [however], might.

We Believe in Non-Intervention in Internal Affairs

[Question] There is the matter of conflicts that arise between the PLO and Arab regimes. Such conflicts are understandable in so far as any liberation movement has objectives and views and uses means to achieve those objectives that may not coincide with those that states and governments abide by. However, there are undoubtedly questions about the sharpness of these conflicts. We are referring specifically to the statements that we see now being exchanged between Egypt and the organization.

[Answer] It is natural that friction should emerge on the Arab scene. This is a problem that the Fatah Movement as a liberation organization became aware of and Fatah tried to establish preventive measures for it. Of all the organizations on the Palestinian scene Fatah was the only one that articulated the principle that intervention in the internal affairs of Arab countries was not permissible. This

sound principle is one of the secrets of Fatah's greatness; it is one of the pillars of its victory and of Fatah's emergence as the backbone of the Palestinian course. Fatah set out to define that agenda on the basis of several psychological and historical considerations and from a mature view of the future.

In psychological terms human relations naturally go through ups and downs. These stages are temporary. If there are no specific controls on these relations, these ups and downs may have permanent negative effects on the body of a relationship. There is also an awareness that the policies which are pursued by various parties are necessarily a reflection of their own personal interests. Defining those interests is a matter controlled by circumstances, some of which are internal and some are external. Among the internal circumstances is what may be summarized in the adage about the people of Mecca being more familiar with the residents of that city. Not being in my brother's shoes and not having to face his internal problems, I may not set myself up as his judge, and I may not tell him what he can [and cannot] do.

Our awareness of these pending aspects of [our] relations strengthened our conviction in the vitality of the principle of non-intervention in the internal affairs [of Arab countries]. However, we were subjected to much attack from our allies on the Palestinian scene because of that principle. We were accused of being reactionaries since our rejection of the principle of intervention was considered to be reinforcement of societal formulas that these organizations were rejecting. But the outcome, which was proven by the experience, was that the allied organizations, which are our partners in the PLO, broke up their relations [with the Arab countries] because of their commitment to the principle of intervention. One organization would have relations with two or three regimes only but no relations with the other Arab parties. Another organization would have relations with two or three regimes that were opposed to those regimes with which the first organization has relations. Thus, as these organizations became isolated from Arab reality, Fatah remained the only organization that dealt with all the Arab world. Other organizations began to turn to us for help with their problems or to promote their interests with the regimes they refused to deal with.

For us the problem came about in two cases: the first one occurred in Iraq when our colleagues in Iraq created and set up the . . . Abu Nidal. They confiscated our assets and turned them over to Abu Nidal. They gave him the capabilities and the wherewithal to move about on the Arab scene and to carry out his well-known . . . operations. During that period relations between the PLO and Iraq were broken, and we entered into a stage of undeclared war.

[Question] There was an exchange of fire in Paris, [wasn't there]?

[Answer] After this period we reached an agreement with our colleagues in Iraq. They pledged they would not allow the . . . Abu Nidal to murder our Palestinian cadres. That commitment continued in effect until the . . . Abu Nidal killed the late Na'im Khudayr in Brussels on 1 June 1981.

Egyptian-Palestinian Relations

The second case was with Egypt when Egyptian-Palestinian relations became tense after the visit to Jerusalem. Despite that tension, however, Fatah made its utmost efforts to maintain its relations with Egypt despite the fact that

official problems existed. A number of our Palestinian fellows and cadres remained in Egypt to oversee the affairs of the Palestinian community and to keep relations going. Zuhdi al-Qidrah, Mr Sa'id Kamal and others were among our colleagues who stayed in Egypt. They were either members of the Palestinian National Council, members of Fatah or members of the PLO. Because there was genuine concern for the relationship, it survived throughout the period of heightened tensions.

I regret to say that for the first time in the history of Egyptian-Palestinian relations a propaganda campaign was begun on both sides.

These tensions and provocations do not represent the reality of relations between Egypt and Palestine because these relations cannot be dissolved by temporary tensions or by a mood imposed by difficult outside pressures. What exists between us is tremendous. We passed that stage; relations were resumed; and we embarked on a new stage. In the beginning of this new stage under President Mubarak hopes were high that Palestinian-Egyptian relations would progress and move into a more advanced stage of understanding and clarity. Unfortunately, however, the recent crisis in relations occurred. This is the crisis that I am saying we have to overcome as quickly as possible.

We Must Pause and Take a Critical Look at Ourselves

[Question] We need some candor here. Sincere efforts are being made on both sides, but at the same time questions are being raised about the recent decisions of the Palestinian National Council. There is talk about defining the relationship with the Egyptian regime on the basis of abandoning Camp David. Abu Iyyad made a statement that contacts that were being made with Egypt were somewhat opportunistic. There is [also] talk about contacts with national, progressive and popular forces. This has caused a reaction in Cairo. Parties that took a part in laying the groundwork for these contacts feel that the [Palestinian] brothers let them down. We need candor because we use words to hide our Arab problems.

[Answer] I agree that candor is one of the basic requirements and conditions for this stage. There is no doubt that anything that is done in violation of the stern principle of non-interference in the internal affairs of Arab countries requires us, out of our loyalty to our Fatah principles and to our ideals and our laws, to pause and take a critical look at ourselves. This is something we have to do, and we have to be guided by the lessons we learn from that exercise. [On the other hand], it must also be said, without going into details this space does not allow us to investigate, that as always happens when a problem occurs between two lovers, each one bears a share of the responsibility for the problem. It is rare in human relations that the burden and the guilt fall on one party only.

[Question] Let us talk frankly about what is specifically required from Egypt. Public opinion in Egypt is wondering

[Answer] The fact that there has been a misunderstanding does not mean the end of the world. We ought to look at this misunderstanding as an incentive for us to take action to remove the reasons that caused it.

[Question] You have not yet answered our question.

[Answer] I did answer when I said that there were matters which may not be explored on the pages of newspapers.

Prisoner Exchange between Israel and the Organization

[Question] Let us then shift to the matter of prisoner exchange between Israel and the organization. It's been published that you were a party to that matter and that Kreisky and 'Arafat met in Spain to consider it.

[Answer] This matter is still in the works. As a matter of practicality we may not comment on something that is the object of sensitive efforts.

[Question] It's been said that the organization rejected the notion that Israel be represented by a member of the opposition. That was after you met with that person. That statement was made by Uri Avneri.

[Answer] I will not comment on anything that has to do with the prisoners.

[Question] There is also an account about Amnon Kapeliuk going to Algeria and attending a meeting of the Palestinian National Council.

[Answer] I am not qualified to answer that question.

[Question] Is it true that you were not granted an entry visa to the United States?

[Answer] Yes, it is true. I have not been allowed in the United States since 1976. Let me refer you to my brother and my friend, Ashraf Ghorbal, who made tremendous efforts, for which I am grateful, to change the U.S. position, but did not succeed.

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AFGHANISTAN

POLITICAL, SOCIAL ROLE OF SHI'ITES DISCUSSED

Paris LES NOUVELLES D'AFGHANISTAN in French N° 12-13 Mar 83
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[Article by "M.F."]

[Excerpt] Political Aim Pursued via Religious Discrimination

Under Hashem and Daoud, religious discrimination lies at the root of a major social change. Withholding of scholarships for study abroad and the difficulty of access to certain areas of public office, such as the police, the army, and the diplomatic corps, spur Shi'ites increasingly to gravitate into the professions and to technical training.

What explanation is there for this situation? What advantage was it seeking, when the ruling family (with the exception of Zahir Shah) discriminately practised discrimination against the Afghan Shi'ite minority?

To answer that question, several facts must be pointed out:

-- Afghanistan is a country where Sunni (Hanafite) Islam is the majority religion;

-- The ruling family belonged to the dominant sect;

-- Iran, a Shi'ite neighbor, thanks to its geopolitical unity established by the dominant dynasties, has retained a compelling cultural impact. The Shi'ite minority in the capital is supposed to represent a Persian cultural presence, a presence that is reflected all the way up into the higher reaches of the civil service;

-- The ruling family, of Pushtu ethnic origins, by setting itself apart from a competing cultural minority, sought to achieve political legitimacy. By its open hostility to the Shi'ites, it believed it was responding to a nationalist aspiration, which it exploited in order to retain its hold on power. Was it seeking, at the same time, to appease the USSR which, well before the 1978 coup d'etat, was doing everything it could to prevent any improvement in Afghan-Iranian relations? It is no mere chance that Daoud

and his communist entourage entertained the most bitterly hostile feelings toward the regime of the shah, an ally of the United States. One might also cite in passing the stinging attacks the Parchami deputies made against the Iranian regime, whenever the slightest pretext offered to criticize Iran's attitude at the international level.

A Politically Active Minority

Drawn into politics without really wanting to be, the Shi'ite minority has played a vanguard role in most of the opposition movements started by intellectuals in the capital. The position taken by certain leading figures, now dead after long years of imprisonment, bears witness to a fully aroused political consciousness on their part. On other occasions, it was the charge of fomenting a plot against the regime that the government used as a weapon to get troublesome figures out of circulation. That is what happened to the prestigious religious leader and great orator, the late Mir Ismail Balkhi, arrested sometime around 1950, who spent 13 years of his life in Deh Mazang, the ancient Kabul prison, to emerge more determined and more convinced than ever of the legitimacy of the fight that had put him in prison.

The dominant Persian side of Shi'ite Islam in Afghanistan must not overshadow the ritual aspect and, above all, the actual content of this current in religious thinking. Before saying a few words about that, we would point out at once that, while made up of Tajik groups and almost all of the Hazaras, the Shi'ite community also includes some Pashtuns (the Toris, Bangash, and Worokzai tribes are about 60 percent Shi'ite) and that, on the other hand, not all Tajiks are Shi'ites. This means, in other words, that Shi'ism and Persian culture are two separate things in Afghanistan. In fact, the Shi'ites constitute a minority rather within the Tajik population, where they occupy a not inconsiderable place on the cultural level.

The political and administrative importance of the capital has quite naturally attracted the heaviest concentration of Shi'ites. The old settlements of Chand Awol, Morad Khani, and Ketab Frushi still constituted, 30 years ago, on the eve of the urban growth of several major Afghan cities, some fairly important towns, as big as Deh Afghanan, Ashekan Arefan, both inhabited by Sunni populations. Later on, in the wake of extensive improvements in the capital and, above all, the city's expansion, the Shi'ites were scattered into the new neighborhoods among the Sunni. The Hazaras, newcomers to Kabul, moved into the portion of the abandoned Shi'ite neighborhoods that had not undergone urban renewal. It is certain that this fact can be explained by the religious affinity to which common Shi'ite beliefs are strongly linked. Several entirely new neighborhoods have sprung up on the outskirts and even within the capital. Expanding business and free enterprise attracted some very large Hazara settlements to Jamal Mina, Qala-e Mussa, and Qala-e Shadah.

Rituals and Celebrations

What is the content of Shi'ite Islam in Afghanistan? Can we consider it as a reflection of Iranian Shi'ism, or does it involve a connotation of its own deriving from the special environment in which it has grown up?

The purely ritual content of Afghan Shi'ism is not very different from the Iranian model. It is primarily Duodecimal Shi'ism, with the cult of the 12 Imams. The capital and its outlying districts contain a number of retreats for meditation bearing the names of the Imams: Ziarat-e Sakhi (tomb of the Caliph Ali, near the university); Ziarat-e Hazrat Abass, son of the Caliph Ali, hero and martyr of the Karbala massacre; Morad Khani, not far from the old royal palace; Ziarat-e Douazdeh Imam, in the suburbs south of the capital, to cite only the principal sites.

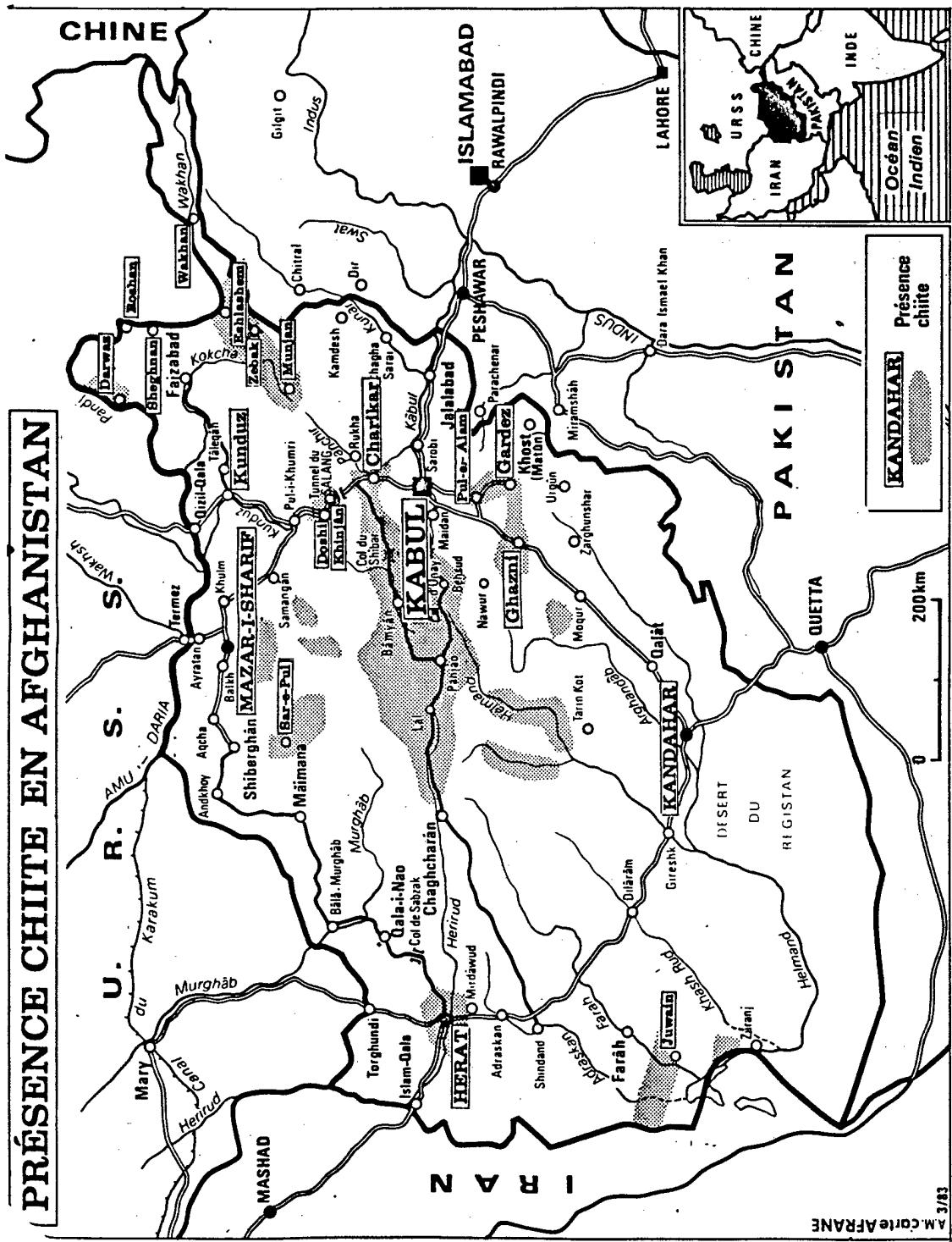
Along with the holy places, we must make a place for takia-khanas, gathering places for the faithful, not only to celebrate the events of Karbala and to pray, but also to conduct cultural and religious activities. Literacy lessons and courses for beginners in the history of Islam and in religious practices are given daily in these centers. On Fridays and religious holidays and especially during the month of Moharam, the anniversary month of the tragedy of Karbala during which the Imam Hussein and almost every member of his family were massacred, when the commemoration of that tragedy gives Shi'ites a stimulating common inspiration.

All this explains in part why Shi'ites go less often to the mosque, preferring to hold their prayers at home with the family. Their fear of being noticed in public undoubtedly has a historical explanation, although that fear had largely disappeared, it must be admitted, under King Zaher Shah. In the course of recent years, the takia-khanas have evolved and taken on more and more the form of religious and cultural centers. The two newest ones are called Madressas" (at Jamal Mina and at Qala-e Fatollah Khan). The influence of the Iranian "Husseinya" is no stranger to this development.

Among the pilgrimages that hold a strong attraction for Afghan Shi'ites, we might mention, in addition to the one to Mecca, pilgrimages to purely Shi'ite holy places in Iran and Iraq. The most frequented are Karbala, Najaf, and Meshed. Accordingly, the blessed Afghan Shi'ite who has gone to Karbala will thenceforward call himself Karbalai, while his co-religionist who has journeyed to Meshed will refer to himself as Zawar.

It should be noted that cohabitation between Sunnites and Shi'ites has had a very favorable effect on relations between them. Afghan Sunnism embodies a deep and sincere respect for the family of the Caliph Ali. Veneration of his tomb by the Sunni population differs in no way from that of the Shi'ites. Besides, Afghan Shi'ism has nothing like the hierarchical structure of the Iranian model.

PRÉSENCE CHIITE EN AFGHANISTAN



DISTRIBUTION OF SHI'ITE MUSLIM POPULATION IN AFGHANISTAN

(Shaded areas indicate Shi'ite settlements)

The title of Ayatollah, like such secondary titles as Hojatol-Islam, Imam Jomaa, etc., are unknown in Afghanistan. There are spiritual centers in the Shi'ite community operated by individuals or families whose orientation toward this or that Ayatollah in Teheran or Baghdad gives them a rather special status. For a long time, Mir Ali Ahmad and his sons, along with Agha Mir Agha and his entourage, made up the two basic nuclei around which the entire Shi'ite population gathered. At the death of these two charismatic figures, the gathering centers multiplied, and hence were scattered.

Liberalism and the Beginning of Brotherly Understanding

An encouraging development had taken place in the government's attitude toward the Shi'ite population during the final years of the monarchy. Appreciable liberalization was noted during the period that began with the 1964 constitution and lasted until the return of Daoud in 1973. King Zaher Shah, a tolerant man open to all the currents of Islam, managed to abolish or soften most of the political and social constraints affecting the Shi'ite community.

For the first time in the country's political history, two Hazara (and hence Shi'ite) ministers now sit in the cabinet, something for which the only precedent dates back to the reign of King Amanullah, when the monarchy admitted a Shi'ite to its government as finance minister.

Hazara children attend the schools without problems. Shi'ites can get scholarships for studies abroad on an equal footing with the rest of the population. Access to public office is wide open to them.

The changes that have occurred on the social and political level insofar as the status of Hazara populations is concerned have shown how fruitful this liberalization policy has been. The human potential of the Hazara population has contributed to the creation of a number of profitable enterprises. Trade, crafts, and even small industry have all benefitted by the diligence of a hard-working population.

It can be said without a moment's hesitation that on a more general level, the restrictions and discriminatory measures which, during the years under Daoud from 1953 to 1963 adversely affected Shi'ites in general, depriving them of political and civil rights, were already on their way out by the time of the 1973 coup d'etat stage-managed by the Soviets, and the return to power of Sardar Mohammad Daoud, whose Leftist republic was merely a prelude to the present national disaster. For more than 5 years, now, all human rights have been trampled underfoot.

The fact is that the communist Khalqi government, radically anti-religion and supported by the Kremlin in everything it does, has

ruthlessly repressed the Shi'ites. Under the Amin-Taraki government, the Shi'ite population, including the Hazara community, were victims of numerous atrocities at the hands of the communist militia.

The violence did not diminish in intensity with the arrival of the Red Army and the Parshami takeover of the government, nor did the Shi'ites flag in their stubborn defense of their Islamic faith and the integrity of the national boundaries. Shi'ite neighborhoods are regularly subject to dragnet raids. The Hazarajat mountain fastnesses are surrounded, the the Hazara are forced to choose between living in abject poverty and fleeing their homeland. What is certain is that the Shi'ite community has lost many of its sons during this evil period in the nation's history. Let this reminder stand as homage to all of them: for their love of freedom, of the faith, and of their country, their names will be forever graven on the hearts of their countrymen.

In the course of the struggle for liberation now being waged by the Afghan people, true brotherhood will help draw even tighter the national ties that bind them together. Shi'ite Afghans are fighting shoulder to shoulder with their Sunni brothers against the common foe, and together they are building tomorrow's society of brethren.

The Ja'farite Shi'ites (Duodecimalists recognizing the Twelve Imams (about 15 percent of the population)

The numerically important communities are marked with an asterisk.

Badakhsam Shi'ites (a portion of the Darwazi)

* Khorassanian Shi'ites (also called Farsi-wan)

(part of Herat, west and southwest of the Farah region of Jowain, centered in Ghazni, Gardèz, and Logar).

(Shi'ites consider the expression "Qizil-bâsh" -- "red-face" in Turkish -- referring to Shi'ites of Iranian stock in the Kabul region a particularly offensive epithet).

* Hazara (including those who have settled in the outlying districts and suburbs of Kabul; Northern Hazara, settled in Mazar);

* Qizil-bâsh (established in the 18th century) at Kabul (formerly in the Chendawol, at Morâd-Khânîs and in villages near Wazir-Abad. Since 1950, in the Sakhi Quarter (Kamal Mêna, near Ali Abad) and Afshâr. Afshâris (settled in the 18th century), on the outskirts of Kabul.

Sayyid Shi'ites (to be found in every community).

The Izmaili Shi'ites

(recognizing 7 Imams; about 2 percent of the population)

A. The outlying districts of Badakhshan

Shogni and Roshâni
Iskashemi and Zebaki
Wâkhi
Monji
Darwazi (a few villages)

B. Dôshi and Shibar Hazara

Villages in the Shibar Pass
Villages in Lôkh-Tôghay and southwest of Dôshi
Villages upstream from Khinjân
Groups settled in Kabul
Groups settled in Kûnduz

The Izmaili

Ja'far Saliq, sixth of the Shi'ite Imams in dynastic order, who died in 765 C.E., had two sons who succeeded him: Musa Kazem (whom the Duodecimalists recognize), and Izmail, who is venerated by the Izmaili. In the Duodecimalist creed, the 12th Imam "hid himself" in 878. His official "nayeh," or representative today, is Khomeyni, though he is not himself Imam. As for Izmail's two descendants, they conquered Egypt in 934 (founding the Fatimid dynasty). Today, however, the Izmaili constitute only minorities in Syria, Iran, Afghanistan, Soviet Pamir, Hunza in Pakistan, etc.

The Indo-Pakistani minorities (called Khoja) were also scattered across East Africa in the diaspora. Karim Agha-Khan IV (born in 1936) is their 49th Imam. Since the 10th century, the Izmaili have clung to their own esoteric interpretation of Islam, in which the living Imam is the "natiq," or "Orator of the Word," meaning the man who speaks for God.

Sunnites and Shi'ites

Afghanistan has always been and still is essentially a Sunnite country.

The presence of Shi'ite groups there, even so, dates back to the early years of Islam. Some Haft-Imami Izmaili (who recognize only the first seven Imams as successors to Muhammad at the head of the community of Believers) have been in Badakhshân ever since the 9th century C.E.. No known historical document tells us just when Izmailism was adopted by the Hazara of the Shibar Pass (at the neck of the Chorband Valley) and in the Doshi region.

The Duodecimalist Shi'ites (duwaz-dah-imami), who recognize the twelve first Imams, were in Afghanistan very early on (in the Darwaz and around Gardez); it is, however, impossible to establish with any degree of certainty the time at which the Harzas (who came into Afghanistan in the 13th to 15th centuries) adopted the Shi'ite version of Islam.

The Safavid Persian domination of western Afghanistan during the 16th century led to a spread of Shi'ism among the rural populations to the west and southwest of Farah. A little before the middle of the 18th century, under Nadar Shah Afshar and Ahmen Shah Dorrâni, communities of Shi'ites from Iranian Khorasan settled in Herat Kandahar (in the Tôp-Khâna neighborhood) and in Kabul (the Chendâwôl and Morâd-Khânîs quarters, and in villages in Wazir-Abâd and Afshâr). Under the Sadôzais, at the very start of the 19th century, a small group of Shi'ites from Kashmir also joined the Chendâwôl community.

In the 20th century, beginning in 1930, Hazaras from the mountains settled in several waves at Kabul, first as seasonal migrants during the winter, returning home to tend their farms in spring, and later as permanent residents. Starting in 1950, the former residents of the Chendâwôl quarter in Kabul started drifting out of that neighborhood to settle in the Sakhi quarter (Jabal Mêna) near Ali-Abad, the ancient village of Afshar, and everywhere else in the capital. During the Sixties, Hazara settlements by newcomers sprang up at Chendâwôl (which had been abandoned by the Khorasans from Herat), at Qala-e Fatulla Khan, Qala-e Mussa, Qala-e Shâda, and Afshâr.

A tiny minority of Pashtuns are Shi'ites, as well (all the Toris are, as are 40 percent of the Mangashi and 35 percent of the Worokzaï). Some Pashtun Shi'ites have settled in northern Afghanistan.

Shi'ites living in the Logar Valley and in Gardez are bilingual, speaking both Dari and Pashtu.

Afghanistan's Sunnite Communities (Hanafi Law School)

The numerically important communities are marked with an asterisk.

- * Pashtun
- * Tajik
- * Khorasani (coming from Herat, Farah, etc.)
- * Baluchi
- * Brahui
- Nuristani
- Kohistani (Pashai, Grawar-Bati, etc.)
- Gujur
- * Uzbeks
- * Turkmeni
- * Kirghiz
- Kazhak

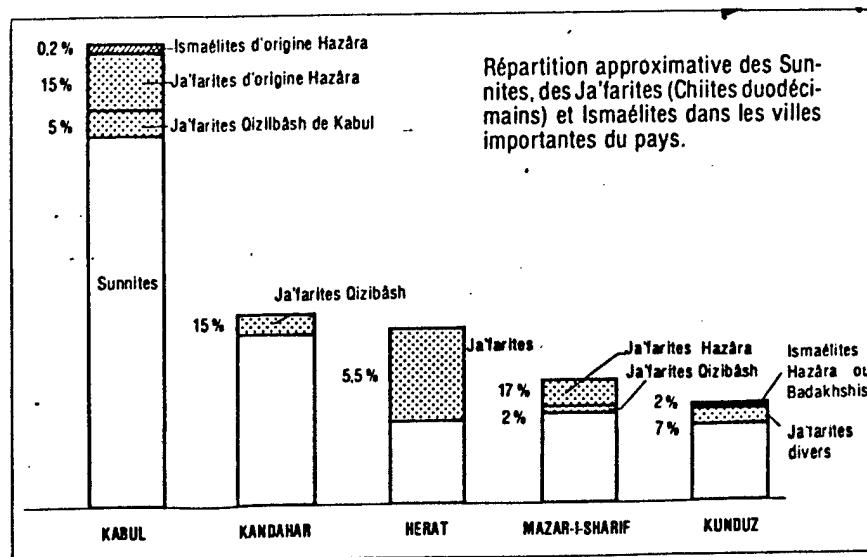
* Aïmak

Mongols (villages in Herat Province)

Hazara Sunnites (darra-e Hazara, from Panjishêr)

Arabs (Balkh and Faryâb Provinces)

Say'yd Sunnites (found in every community).



Approximate distribution of Sunnites, Ja'farites (Duodecimalist Shi'ites) and Izmailites in major Afghan towns.

6182

CSO:4619/48

KARMAL'S CLAIMS OF PROGRESS TERMED UNSUPPORTABLE

Tehran KAYHAN INTERNATIONAL in English 4 Apr 83 p 2

[Text]

MOSCOW, April 3 (UPI) — An Afghan peace settlement on any but the most favorable terms cannot be forced upon Moscow despite the optimism voiced by U.N. Secretary General Javier Perez de Cuellar after his talks with Kremlin leader Yuri Andropov.

When the men in the Soviet Politburo weigh the costs of the Afghan occupation against the benefits, the balance still favors hanging on.

"It would be wrong to assume the Soviets don't discuss ways of getting out of the Afghan mess," said one western analyst. "But for now they would only do it on their terms."

Perez de Cuellar said in a Moscow news conference last week his talks with Andropov were "encouraging" and he has "renewed encouragement and support" a solution will be found for Afghanistan, occupied by Soviet troops since December 1979.

By way of comparison, the analyst said, the Soviets also may be sincere when they say they want to reduce the number of nuclear missiles menacing Europe. But no missiles have been removed as the Soviets hold fast to their conditions.

One issue involves the risk of nuclear disaster. The other, Afghanistan, risks only international resignation to the new status quo.

"World opinion has very much adjusted but the surprise for the

Soviets is that Afghanistan just won't go away," said a western diplomat.

He said the Soviets will not give up "tangible real estate where a situation could develop on their southern border, which they say they went into the country to prevent."

Fear of Islamic Regime

There are several reasons why Moscow will not recall its estimated 105,000 troops in Afghanistan, the foremost is concern the Marxist regime Moscow installed in Kabul will collapse.

In its place could be a hostile Islamic government modeled on Iran.

With the regular Afghan army reduced to no more than 30,000 men and boys, "Afghanistan" is unlikely. But "Sovietization" goes forward every day.

Afghan President Babrak Karmal does not permit independent, on-the-scene reporting by western correspondents. What is offered instead is a steady flow of unsupportable claims from government-controlled news agencies stressing progress in education, health services, transport, agriculture and electrification.

The Soviet TASS News Agency, in its daily dispatches, insists the revolutionary process is irreversible and could proceed even more quickly were it not for rebel sabotage of schools, hospitals, power plants, road and bridges.

Soviet Army Doing Badly

The Muslim guerrillas blame

the Soviets for indiscriminate destruction and atrocities that have forced an estimated 2 million to 4 million refugees into neighboring Pakistan and Iran.

Clearly the U.S.S.R. has not yet succeeded in transforming Afghanistan into a docile neighbor. But three years and three months into their Afghan commitment, what are the Soviet's accomplishing and at what expense?

"Despite their losses (estimated at 5,000 killed), the Soviets find Afghanistan a good military training ground," a western diplomat said. "For the first time since World War II they are developing a junior corps of officers with battlefield experience.

"But the Soviet army really isn't doing very well against an ill-equipped, poorly disciplined group of tribesmen."

Soviet deserters, Mujahideen rebels and western diplomats tell increasingly of morale problems among the occupation army, of drug use and refusal to obey orders.

None of these issues appears in the Soviet press.

The Soviet combat role was obscured for three years, with word of mouth from veterans or relatives the main sources of information.

Under Andropov, the only moderation of the blackout has been a series of oblique feature stories in the Young Communist League newspaper and Red Star, the army newspaper, reporting on daily life and occasional dangers facing the occupation troops.

If the Soviets don't see themselves as part of the problem, is there any basis to hope for a solution?

"I don't really see any movement (toward a settlement)," the diplomat said. "But the Soviets want to play through the diplomacy."

CSO: 4600/518

REPORTAGE ON ERSHAD ACTIVITIES AT DELHI SUMMIT

Text of 8 Mar Speech

Dhaka THE BANGLADESH OBSERVER in English 9, 10 Mar 83

[9 Mar 83 pp 1, 12]

[Article by Moazzem Hossain]

[Text]

NEW DELHI March 8:—Chief Martial Law Administrator Lt. General H.M. Ershad leader of Bangladesh delegation to the Non-aligned Summit made a strong call for unity and solidarity of the Non-aligned Movement (NAM). He maintained that the recent trend towards polarisation along certain ideological lines must be arrested and reversed, without which the very unity and solidarity of the member nations would be threatened.

Addressing the plenary session of the seventh Non-aligned summit here today, the CMLA stressed the need for coordinated efforts and activities on the part of NAM to establish peace through justice in West Asia, restore the legitimate rights of the Palestinians, guarantee independence to Namibia and bring the fratricidal conflict between Iraq-Iran to an immediate halt.

In his 30-minute speech Lt. General Ershad felt that the Non-aligned members should do everything possible to ensure withdrawal of foreign troops from Afghanistan and Kampuchea so that the concerned people were left free to determine their own destiny without any outside interference or intervention.

About the global economic situation the CMLA noted that the deteriorating international political situation was running parallel with the worsening world economic outlook.

Lt. General H.M. Ershad urged for concerted action to

implement the substantial new programme of action for the least developed countries adopted in Paris in 1981.

He told the Non-aligned leaders that he had only recently received a reply from President Reagan of the United States to his letter written to the latter in December 1982 after Bangladesh assumed the chairmanship of the Group of 77 some five months ago. The reply of the US President does have positive elements about global negotiations he felt while noting that 'some of the ideas that are presently being discussed relating to immediate measures and global negotiations have a direct bearing on the response which this letter contains.'

The CMLA's address before the summit covered issues on the economic front like commodity fund, global food security system, external debt liability of developing countries and South-South co-operation.

BSS adds: The Chief Martial Law Administrator, Lt. Gen. H.M. Ershad called upon the nations to rise to the occasion and 'make our contribution' to build the world safer and a better place for the 'benefit of all of us and for posterity.'

He reviewed the present world situation and said: 'The greater was the odds the firmer became our resolve'.

The current summit, he stressed had an unique responsibili-

ty in facing the mounting economic crisis that afflicts both the developed and the developing countries. The world is beset with problems of political violence and attempts at dominations and exploitation.

Gen. Ershad also paid warm tributes to Indian Premier Indira Gandhi and congratulated her on her unanimous election as the Chairman of the Non-aligned Movement. It's a well deserved tribute to your country; he added.

The CMLA was given a warm applause when he concluded his address. The heads of delegations of different countries congratulated him for his forthright view on different issues and the reiteration of Bangladesh's stand on the side of the liberation movements in different parts of the world.

Gen. Ershad said: Bangladesh has consistently adhered to the principle of sovereign equality of states territorial integrity and the non-use of force non-interference and non-intervention in the internal affairs of other states right of every nation to self-determination and pacific settlement of disputes.

The developments in Afghanistan and Kampuchea he said have therefore caused us much concern as members of the Movement. We should do everything possible to ensure the withdrawal of foreign troops from these countries so that the concerned peoples are left free to determine their own destiny without any outside interference or intervention.

Text of speech

Following is the full text of the Chief Martial Law Administrator Lt. Gen H.M. Ershad's speech delivered in Delhi on Wednesday at the Seventh Non aligned Summit:

Madam Chairman

Majesties;

Excellencies;

Distinguished Delegates;

I bring to you all the fraternal greetings from the Government and the People of Bangladesh and their sincere best wishes for the success of our deliberations. We are particularly happy that the Seventh Non aligned Summit is being held in the historic city of New Delhi; the capital of our close and friendly neighbour India. This no doubt is a historic occasion and I would like to pledge our whole hearted support and cooperation for the success of the Summit.

Allow me Madam Chairman to extend to you our most sincere felicitations on your unanimous election to this high office. Your election is a well-deserved tribute to your great country and its unique contribution in the founding and subsequent development of our great movement as well as to your proven qualities as the leader of the most populous Non-aligned country. We are confident that under your wise and able guidance the Summit will achieve its cherished objectives.

We are indeed grateful to you for your inspiring inaugural address. Your penetrating insight into the problems of the present day world and well considered suggestion to deal with them would no doubt guide us in our deliberations during the next few days.

I should also like to express our congratulations to all those member-states who have been elected to the various positions in the Bureau. We wish them all success.

Madam Chairman;

Since our arrival in New Delhi we have been overwhelmed by the warmth of reception accorded to us. We are most grateful to the Government and the people of India for their generous hospitality. I should also like to commend the excellent arrangements made for the Summit.

I should like to express our sincere appreciation to our outgoing Chairman President Fidel Castro for the care and competence with which he has steered our Movement during the past forty two months. We are all grateful to him for his services in the cause of the Movement.

Madam Chairman;

Since its inception our Movement has progressively gained in strength and vitality. The greater was the odds the firmer became our resolve. It is through this sense of determination and commitment that our Movement has been able to win the respect and admiration of all nations irrespective of their system of government or ideology.

The growth in membership of the Movement is a testimony to the relevance and vitality of principles and objectives which bind us all together. I take this opportunity to extend our most sincere congratulations to Colombia; Barbados Bahamas and Vanuatu who have been admitted as full members.

I should also like to extend our felicitations to the observers and guests who are participating in our meeting for the first time. We look forward to work with you all in the realisation of our common objectives.

Madam Chairman;

Beset as the world is today with problems of political violence; attempts at domination and exploitation of nations and peoples and mounting economic crisis that affects both the developed and the developing countries; this Summit is entrusted with a unique responsibility. We must rise to the occasion and make our contribution to make the world a safer and better place for the benefit of all of us and for our posterity.

Madam Chairman:

As we assemble here to take stock of the past and to look into the future we must pause for a moment and pay our homage to those martyrs and fallen heroes but for whose singular dedication and sacrifice the progressive march of freedom and justice would not have been possible. The moaning of an incarcerated freedom fighter in the jails of South Africa; the cries of a baby thrown asunder from the mother's arms on a dark alley of Sabra and Shatilla-they all are eternal sentries in the cause of freedom; and human dignity. They will forever watch our commitment to peace freedom and justice.

[10 Mar 83 p 4]

[Text]

Following is the remaining part of the text of Lt Gen H.M. Ershad delivered at the 7th Non-aligned Summit in Delhi on Tuesday:

As we stand on the cross-roads today, a matter of paramount importance is the unity and solidarity of the Movement, a house, divided upon itself can only please our adversaries. It is only through unity that we can free the Nelson Mandelus from oppression; it is only through our solidarity that we can stop the unrequited cries of the suffering masses.

While we can legitimately pride ourselves on the positive contribution that the Non-aligned Movement has made in maintaining a balance between East and West, in the relaxation of international tension and in providing a sense of security, particularly to the smaller states, we have reasons to feel concrnd with the recent developments within our own movement. The recent trend towards polarisation along certain ideological lines must be arrested and reversed; otherwise the very Unity and Solidarity of the member-nations will be threatened. For Bangladesh, Non-alignment is of crucial important; it is the corner-stone of our foreign policy. We have striven hard in the past to safeguard and promote the principles and objectives of the movement. We shall continue to do so in the future.

MADAM CHAIRMAN
We cannot but express our

distress and anguish at the continued fratricidal conflict between Iraq-Iran Bound, as we are through ties of religion and history with both the countries, we have a special reason to be unhappy at the development. It is unfortunate that all the efforts undertaken by the Islamic Peace Mission of which we are a member the Non-aligned peace mission and by the UN Secretary-General were in vain. I must say that this conflict has not helped either Iraq or Iran, it has helped only the detractors of the movement; it has given alibi to those who are against us. We all have a moral responsibility to coordinate our efforts and activities to bring this tragic conflict to an immediate end.

Bangladesh believes that peace through justice along can endure. In the West Asia, such a peace is yet to be won. The components of any comprehensive settlement that could guarantee a just and lasting peace in the area must embrace the following essentials; acceptance by all parties the fact that the question of Palestine lies at the heart of the crisis; that no solution will be viable without the restoration of the inalienable rights of the Palestinian people to return to their homeland and to self-determination, independence and national sovereignty; that the participation of the Palestine Liberation Organisation, the sole and legitimate representatives of the Palestinian people, on an equal footing with all other parties is indispensable

in our efforts towards a solution; that the inadmissibility of the acquisition of territory by force imposes an obligation on Israel to withdraw completely and immediately from all occupied Arab territories including the Holy City of Jerusalem. It is on the basis of these essential principles that we can foresee an end to the turmoil and strife that has tormented this region, indeed the whole world for over three decades. In this context we fully support the Arab Peace Plan as a sound basis for establishing durable peace in this region.

The latest developments in Lebanon are to be condemned most vigorously by us all. We appeal to the friends of Israel to exert utmost pressure so that she withdraws her marauding forces from Lebanon and goes back behind the international boundary dividing Lebanon and Israel. The indiscriminate bombing in Lebanon leaving in its trail death and devastation of unimaginable magnitude has shocked the entire civilised world. The Israelis have violated all norms of international law, they have flouted the provisions of the Geneva Convention, they have mocked the resolutions of the United Nations.

The persistent presence of colonialism and racism in Southern Africa is an outrage to humanity. It continues to pose a dangerous threat to peace and security in the region. Bangladesh is irrevocably committed in the cause of the oppressed people of Namibia and South Africa. We pledge our unstinted support in their legitimate struggle for freedom, liberty and human dignity. We are fully convinced that their efforts will ultimately triumph.

As an active member of the Council for Namibia, we have given full support to the ongoing talks between Namibia and the frontline states on the one hand and the Western Five and South Africa on the other. We sincerely hope that the talks will lead to the concretisation of UNITAG and the ushering in of the independence of Namibia.

MADAM CHAIRMAN

We note with deep regret that the inter-communal talks between the Turkish and Greek Cypriot communities have made little progress so far. We would urge both the communities to engage in meaningful discussions and apply themselves seriously to the aim of reaching a mutually

acceptable agreement which would enable them to live in honour and dignity within the framework of a Federated Cyprus, where the rights of both the communities are fully protected.

Bangladesh has consistently adhered to the principles of sovereign equality of states, territorial integrity and the non-use of force, non-interference and non-intervention in the internal affairs of other states, right of every nation to self-determination and peaceful settlement of disputes. The developments in Afghanistan and Kampuchea have, therefore, caused us much concern. As members of the Movement, we should do everything possible to ensure the withdrawal of foreign troops from these countries so that the concerned peoples are left free to determine their own destiny without any outside interference or intervention.

MADAM CHAIRMAN

In our efforts to build a solid base for the relaxation of international tension, we have always supported the creation of zones of peace all over the world. The creation of the Indian Ocean as a Zone of Peace is a matter of particular importance to us. We believe that the successful implementation of the UN resolution 2332 will be in the interest of peace and security. It is in this extext that we have actively participated in the work of the Ad hoc Committee on Indian Ocean and supported the idea of a conference in Colombo, to draw up an instrument ensuring peace and security in the region free from big power-rivalry. We do realise that the success of the conference will depend on the participation by the super-powers and other militarily significant states as well as the major maritime users of the Indian Ocean.

MADAM CHAIRMAN

Recurrence of flash points across the world lead to the fact that international security, particularly the security of smaller states, cannot be guaranteed without effective implementation of disarmament measures. The failure of the Second Special Session of the United Nations General Assembly devoted to disarmament has caused us much disappointment. Non-cooperation by the super powers and an unfortunate lack of consensus among the non-aligned group contributed to it. We are committed to General and Complete Disarmament (GCD). We

support Comprehensive Test Ban Treaty (CTBT). Our decision to accede to the Non-Proliferation Treaty was based on our firm conviction that there can be no durable peace except through the elimination and destruction of nuclear weapons and its stockpiles. We believe that the limitation of nuclear armaments and other weapons of mass destruction is an important first step in creating an atmosphere of trust and confidence and the relaxation of international tensions.

The Comprehensive Programme of Disarmament (CPD) which was drawn up over a long period of time provides a good basis for a phased and graduated elimination of nuclear weapons. We believe that the Committee on Disarmament (CD) can be given a fresh mandate to finalise the CPD. Our continued interest in the final adoption and implementation of the CPD has led us to express our intention to seek membership of the Committee on Disarmament.

We have witnessed with increasing concern the callous diversion of scarce resources for the production of armament both nuclear and conventional. The current expenditure under this head stands at a staggering figure of \$ 600 billion. This unrestricted use of scarce resources for military purposes has on the one hand created a sense of fear and uncertainty among nations, on the other led to universal social opportunity cost.

We can and we must rectify the situation. The resources must be released for the benefit of mankind. It is now universally acknowledged that a redirection of resources from the production of armaments will help both the developed and the developing countries by providing a much needed stimulus to production investment and international trade. As Vice Chairman of the Second Special Session on Disarmament Bangladesh has made its humble contribution in this direction.

MADAM CHAIRMAN

Although we have attained political independence, the concomitant hope of economic and social progress has not followed. Today more people live in abject poverty than ever before. Together with our firm resolve to safeguard our hard won political independence let us wage a renewed war against poverty and hunger; illiteracy and disease.

MADAM CHAIRMAN,

The deteriorating international political situation runs parallel with the worsening world economic outlook. The stagflation ridden industrialised countries have further led to the stagnation of the economic development of the developing countries particularly the Least Developed Countries. High interest rates have raised the cost of borrowing. The number of unemployed is on the rise. The target growth rate of 7 per cent in the GDP of the developing countries envisaged in the Third International Development Strategy seems all but impossible to achieve.

MADAM CHAIRMAN,

The continued fall in the prices of our exports have put a severe strain on our economies. The terms of trade of primary commodities as a whole vis-a-vis manufactures fell at the high rate of 14 per cent during 1981. In my own country the index of export prices suffered a decline of 16 per cent while the index of our import prices went up by 15 per cent. The Common Fund Agreement still remains non-operational because the vast majority of the member-states both developing and developed are yet to ratify it. Negotiations on most of the commodity agreements have proved to be intractable. The situation must change if we are to bring order in the international commodity market.

The commodity crunch coincided with a failure of Official Development Assistance (ODA) and private capital inflows to expand. The ODA situation has particularly constrained the development of the Least Developed Countries. Because of the particular stage of their development this group of countries are virtually dependent on official aid flows for medium and long-term capital formation. We are therefore deeply concerned that should this trend persist the implementation of the Substantial New Programme of Action (SNPA) adopted in Paris in 1981 will be seriously handicapped. We aspire to join as full partners in the mainstream of global development. The world community must help us achieve this objective.

MADAM CHAIRMAN,

In many other areas of the global economy as well there have virtually been no progress. A global food securiy

system is yet to materialise while the vulnerability of the poor and the least developed countries has increased. The spectre of growing protectionist pressures haunt us all irrespective of our levels of development. International financial and monetary reforms remain as elusive as ever. Meanwhile, the capital importing developing countries have piled up a staggering external debt of the order of \$ 475 billion by 1981 roughly twice the level of external debt outstanding as recently as 1977. Bangladesh feels that it is incumbent on our movement to take a positive stand on these issues. UNCTAD-VI to be held in Belgrade in June this year provides us with such an opportunity.

Progress in many of these areas would depend on the dialogue between North and South I must mention in this context that the Vith Summit Meeting of our Movement had called for the immediate launching of the global negotiations. During these past three and a half years the Group of 77 has made every possible effort to launch these global negotiations which we consider so vital and important for the political and economic harmony of the international community. The concept of global negotiations is based on the principle of mutuality of interest and out of a recognition of the inter-dependent character of the global economy. When we assumed the Chairmanship of the Group of 77 some five months ago we were made painfully aware of how the continuing deterioration in the world economic situation had made it all the more necessary to launch the global negotiations without delay. We thus spared no efforts to try and build on the positive developments arising out of the Versailles Summit.

Our efforts were geared to generating some flexibility on the part of our industrial partners in particular the United States.

Part of the problem in trying to launch global negotiations has been a sense of misplaced fear suspicion and mistrust. We therefore tried to remove some of the misunderstandings. During the month of December I addressed a letter to President Reagan in which I outlined the position of the Group of 77 of global negotiations and urged him to

respond to the pragmatic and flexible approach of the Group of 77 on the launching of global negotiations which would be global in character and integrated and comprehensive in approach. I am happy to report that only recently I have received a reply to my letter. A reply which does have positive elements. It is I believe in the interest of the Movement and the developing world as a whole to evaluate this response. We have undertaken consultations with member states on this matter and have tried to see how best we can develop on some of the points raised in President Reagan's letter in a manner such as to facilitate the implementation of some immediate measures and the launching of global negotiations. We believe that some of the ideas that are presently being discussed relating to immediate measures and global negotiations have a direct bearing on the response which this letter contains.

The question of South-South cooperation is an important item on our Agenda. In recent years much discussion has gone into this matter and a number of concrete proposals have been put forward aimed at increasing the scope of co-operation among developing countries. In this regard the Caracas Programme of Action stands out as an important blue-print. We are firmly of the view that in the face of existing international economic situation there is an imperative need to intensify co-operation among the developing countries and to put content to the Caracas Programme of Action.

MADAM CHAIRMAN,

Bangladesh stands for friendship and cooperation with every country on the basis of sovereign equality and mutual benefit. It is a matter of satisfaction to us that we have been able to establish friendly relations with all the countries of the world irrespective of their social system and political ideology. We are bound together with the countries of the Arab world through the ties of common religion history and tradition. We share common values and perceptions with the countries of Asia Africa and Latin America. Our friendship and co-operation with the countries of Western Europe Northern America and Eastern Europe

goes back to the days of our emergence as an independent nation. Our relations with our neighbouring countries have traditionally been close. In recent years we have launched a combined effort to institutionalise our cooperation through the proposed South Asia Forum. This provides for cooperation in a wide number of fields. I am happy to say that we have made substantial progress to bring into being the proposed Forum which will open up a new era in mutual understanding amity and cooperation among all the countries.

Internally the present Government in Bangladesh is engaged in the task of economic and social development for the benefit of common man. Our objective is to decentralise administration root out corruption and to reach the benefit of independence to the people in our villages who constitute more than 90 per cent of our population. We have brought about long awaited reforms in the fields of education and judiciary. Our priority in national planning goes to agriculture population planning energy and primary

education and the creation of economic and social infrastructures. I am happy to say that our efforts have already started yielding results as a consequence of ready and spontaneous response from our people. We are determined to continue our efforts until we are able to build a viable and self-reliant Bangladesh.

MADAM CHAIRMAN

The problems facing us in the coming years are no doubt daunting. But the Non-aligned Movement has in the past provided bold leadership in spearheading positive initiatives for resolving equally daunting problems.

History of human civilisation has its own dynamics. If an opportunity is lost and gone it may be too late to make amends. It is imperative therefore that the Non-aligned Movement as a progressive and forward looking force should take a united stand to face up to the problems boldly and courageously. We are confident that the challenges of the Eighties can be met. We pray to the Almighty Allah to guide us in our quest for a secure Peaceful and prosperous world.

7 Mar Meeting With Leaders

Dhaka THE BANGLADESH OBSERVER in English 8 Mar 83 p 1

[Text]

NEW DELHI, March 7.— Chief Martial Law Administrator Lt. General H.M. Ershad leader of Bangladesh delegation to the seventh Non aligned Summit had a busy schedule for the second consecutive day here today. He met President Hosni Mubarak of Egypt and President Ziaul Huq of Pakistan and discussed both summit issues and bilateral matters. Foreign Minister A.R.S. Doha was present during the discussions.

The CMLA after his arrival here had so far met seven heads of delegations to the summit. The leaders with whom the CMLA held discussions included the PLO Chairman, Yasser Arafat the Presidents of Sri Lanka and Zambia, the Bhutanese King and the Indonesian Foreign Minister, besides the Presidents of Egypt and Pakistan.

It is understood that the CMLA's discussions with President Ziaul Haq of Pakistan

also covered the South Asian Cooperation. Pakistan Foreign Minister Shahabzada Yakub Ali Khan and Pakistan Finance Minister Mr Ghulam Ishaque Khan were present during the discussions between Lt. General Ershad and President Ziaul Haq.

The South Asian Cooperation is also understood to have figured in the discussions between Lt. General Ershad and the Sri Lankan President Junias Jayewardene.

The PLO Chairman Yasser Arafat was learnt to have informed the CMLA during the informal discussions between the two leaders about the decisions of the Palestinian National Council (PNC) in its recent meeting in Algiers. The CMLA had reiterated Bangladesh's full and total support to the Palestinian cause. While acknowledging Bangladesh support to the cause of PLO Yasser Arafat had expressed the hope that Bangladesh

would continue to project forcefully the stand of the PLO in international forums.

Meanwhile President Kenneth Kaunda of Zambia was stated to have discussed the letter which Lt. General H.M. Ershad received from President Reagan of the United States in response to the CMLA's earlier communication with the US President on matters relating to the global economic negotiations. It is to be mentioned here that Bangladesh as the Chairman of 'Group of 77' has been championing the cause of early glo-

bal negotiations for new international economic order.

BSS adds; Gen Ershad had also brief meeting with President of UAE Sheikh Zayed Bin Sultan Al Nahayyan Amir of Bahrain Sultan Al Khalifa Argentinian President Reynaldo Bignone and Algerian President Chadli Benjedid.

The CMLA earlier in the day attended a reception given by President Zail Singh of India at Rashtrapati Bhavan. He also attended a dinner hosted by Premier Indira Gandhi for the heads of the delegations.

More Meetings Reported

Dhaka THE BANGLADESH OBSERVER in English 10 Mar 83 p 1

[Text]

NEW DELHI Mar. 9.—Chief Martial Law Administrator Lt Gen H. M. Ershad met here today more leaders of the Non-aligned Movement to exchange views on matters of mutual interest and issues concerning the summit conference; reports BSS.

The leaders whom he met today are; President Daniel Moi of Kenya; President Vieira of Guinea Bissau; President Sáavedra of Nicaragua; President Gayoom of Maldives; Premier Mzali of Tunisia; Premier Seaga of Jamaica and leader of Iraqi delegation; Vice president Marouf.

Gen. Ershad has so far met with 25 leaders present here to attend the summit.

Meanwhile Chief Martial Law Administrator Lt General H. M. Ershad last night held talks with several heads of govern-

ment now here in connection with the seventh Non aligned Summit.

They included President Julius Nyerere of Tanzania; the Amir of Kuwait; Sheikh Jaber bin Al Sabah and the Crown Prince of Morocco.

The CMLA discussed with them the present summit global political and economic issues and other matters of interest.

He also reviewed with them the friendly bilateral ties between their countries and Bangladesh.

Saudi Foreign Minister Saud Al Faisal also called on Gen Ershad and discussed matters of mutual concern.

Meanwhile Foreign Minister A.R. Shamsud-Dohal met his Swedish counterpart and reviewed the world situation and discussed bilateral matters.

Meeting With Gandhi, Others

Dhaka THE BANGLADESH OBSERVER in English 11 Mar 83 pp 1, 8

[Text]

NEW DELHI Mar. 10.—Chief Martial Law Administrator Lt. Gen. H. M. Ershad paid a courtesy call on Indian Prime Minister Mrs Indira Gandhi here today reports BSS.

The two leaders discussed matters of mutual interest and also the Non-aligned Summit Conference Bureau of which Bangladesh is a member.

The meeting lasted about half an hour.

MEETS MORE LEADERS

Another report adds:—The Chief Martial Law Administrator, Lt. Gen. H. M. Ershad met here today more leaders of the Non-aligned Movement including President Fidel Castro of Cuba to discuss matters of mutual interest and issues relating to the summit.

The leaders whom he met today, bringing the total so far to over 30 include Jamaican Premier Seaga, Cuban

leader Castro, Yugoslav President Petar Stambolic, PLO Chairman Yasser Arafat, President Chandi Benjedid of Algeria and King Hossain of Jordan. President Hafez al Assad of Syria.

The CMLA hosted a luncheon for the Algerian President, Jamaican Prime Minister PLO Chairman, Yugoslav President and King of Jordan. He later met other leaders in the afternoon to continue further exchange of views on various matters.

With Cuban President Castro General Ershad discussed bilateral matters especially the reformative measures in Bangladesh in the field of agriculture and population control.

The Cuban leader, who is the outgoing Chairman of Non-aligned Movement, evinced keen interests in the development measures undertaken in Bangladesh and felt they could

share the experiences in these fields.

With Algerian President Chandi Benjedid Gen Ershad also discussed cooperation in the field of gas development. Bangladesh is expected to send a high-powered delegation to Algeria for the study on gas.

The Chief Martial Law Administrator also invited the Algerian President to visit Bangladesh.

The CMLA discussed with the Yugoslav leader matters relating to the forthcoming UNCTAD-6 meeting in Belgrade in June this year on new international economic measures. Iraq/Iran conflict also came up for discussion.

Earlier in the day, the CMLA returned from Ajmeer Sharif where he had gone to offer prayer at the shrine of Khwaja Moinuddin Chisti.

Predeparture Press Conference

Dhaka THE BANGLADESH TIMES in English 7 Mar 83 pp 1, 8

[Text]

The Chief Martial Law Administrator, Lt. Gen. H.M. Ershad said that Bangladesh would continue to play a constructive and positive role in the Non-Aligned Movement in resolving all major issues facing the world.

Talking to the newsmen at Zia International Airport prior to his departure for New Delhi to attend the seventh Non-Aligned summit beginning there today (Monday) General Ershad said that the ensuing summit was very important and significant in the face of global situation and conflicts.

The CMLA said that the objectives before the Non-aligned summit were to strengthen the movement and to find out solutions to problems facing the world, defuse increasing tension and establish peace and harmony.

The CMLA pointed out that the situation in West Asia, Iran Iraq war, Afghanistan, Kampuchea, Indian Ocean and the new international economic order would come up for discussion at the meeting.

He said that being the Chairman of the Group of 77, Bangladesh would play an important role at the conference on behalf of the developing and the least developed countries.

PALESTINE

Referring to the Palestinian issue, the CMLA said that the settlement of the issue could be reached only by recognising the right of self-determination of the Palestinian people and the withdrawal of Israeli troops from all occupied Arab territories.

He said that Bangladesh believed that the PLO was the only legitimate representative of the Palestinian people and as such any settlement about their fate must be done in consultation with the PLO.

In this connection, the CMLA reiterated Bangladesh's support to the Arab peace plan for the settlement of Palestine problem and for the establishment of peace in the region.

AFGHANISTAN, KAMPUCHEA

The CMLA said that the situation in Afghanistan and Kampuchea was a matter of concern

for all of us. Tension could not be defused unless all foreign troops were withdrawn from those countries and the people were allowed to decide their own fate without any outside interference, he said.

On Iran-Iraq war, the CMLA hoped that the Non-Aligned summit would be able to find out a solution to put an end to the hostility.

The CMLA said that it was the declared policy of Bangladesh to oppose colonialism and racialism in any form and said that Bangladesh would continue to support the struggle of the oppressed people of South Africa and Namibia on the basis of this policy. "We shall also continue our support for their independence", he added.

INDIAN OCEAN

The CMLA said that the question of declaration of the Indian Ocean as a zone of peace was "very important for us". He expressed the hope that the summit would take a firm stand on this issue.

Referring to the global economic order, the CMLA said that the developing countries particularly the least developed ones, were worst sufferers in the imbalanced and adverse economic order. He hoped that the sum-

mit would be able to take up a substantial new programme of action for a just new international economic order.

The CMLA said that Bangladesh would make a strong plea for immediate resumption of the global round of negotiations as the Chairman of Group of 77, Bangladesh would put forward a proposal for North-South dialogue.

The CMLA said that during his stay in Delhi he would meet heads of delegations of different countries attending the summit.

Asked whether Kampuchean issue would be discussed at the summit, the CMLA said that it had been agreed in the pre-summit Non-Aligned foreign ministers conference that Kampuchean seat in the summit would remain vacant. The issue, he said, would be examined by the non-Aligned Coordinating Bureau which would submit its report to the Non-Aligned Foreign Ministers Conference in 1985 for consideration.

The CMLA, however, made it clear that Bangladesh would of course support to any proposal in favour of giving the seat to Prince Norodom Sihanouk as head of government of Kampuchea.

CSO: 4600/1875

REPORTAGE ON VISIT OF MALDIVES PRESIDENT

Chowdhury 4 Mar Banquet Speech

Dhaka THE BANGLADESH OBSERVER in English 5 Mar 83 p 3

[Text]

Following is the text of speech of Bangladesh President Justice A.F.M. Ahsanuddin Chowdhury at the banquet hosted by him in honour of Maldives President Mr. Maumoon Abdul Gayoom on Thursday night:

Your Excellency President Gayoom,
Distinguished Members of
the Delegation,
Excellencies,
Gentlemen,

We feel deeply honoured to have Your Excellency and the distinguished members of your delegation with us in Bangladesh. On behalf of the government and the people of Bangladesh and on my own behalf I have immense pleasure in extending to you a very warm and cordial welcome. I am confident that your visit to Bangladesh will significantly contribute towards further strengthening of the existing friendly, cordial and fraternal relations between our two countries.

2. Excellency, our two countries are bound together by common religion, history and culture. We are both committed to the principles of Non-alignment, the Organisation of Islamic Conference and the Commonwealth. Over the years our ties have been further reinforced by a similarity of approach to world problems.

3. Non-alignment forms the corner-stone of our foreign policy. We are committed to the principles of peaceful co-existence, sovereign equality of nations, respect for territorial integrity of states, peaceful settlement of disputes and non-

interference in the internal affairs of other states. We have consistently striven to preserve and strengthen the basic principles of the Non-alignment Movement. The forthcoming Seventh Non-aligned Summit to be held in New Delhi is an occasion of special significance to us. We look forward to concert our efforts with you to make it a success. As a member of the Organisation of the Islamic Conference we shall continue to work for the unity and solidarity of the Islamic Ummah.

Excellency,

4. The continued Israeli aggression has led to an alarming deterioration in the situation in West Asia. Recently, it has assumed grave proportions because of Israel's naked aggression against and continued occupation of Lebanon. We reiterate our firm belief that an enduring peace in West Asia can be established only on the basis of total Israeli withdrawal from all occupied Arab territories, realisation of the legitimate national rights of the Palestinian people including their right to have an independent state in their own homeland and the restoration of Al-Quds Al-Sharif to the Arab and Islamic sovereignty. In this connection we welcome the Arab Peace Plan as a sound basis for establishing a durable peace in the area.

5. We deeply regret that Iran and Iraq, the two brotherly Islamic countries, are engaged in a fratricidal war.

This has been a severe blow to the interest of the Islamic World. We renew our appeal to Iran and Iraq for an immediate cessation of hostilities and for an amicable, just and honourable solution of the dispute.

6. The situation in Afghanistan and Kampuchea continues to cause us concern. We reiterate our call for an immediate and unconditional withdrawal of all foreign troops and the creation of conditions to enable the peoples of the two countries to determine their own destiny free from any external interference and intervention.

7. As you are well aware, we have always been opposed to imperialism, colonialism, neo-colonialism, racism, and domination in any form or manifestation. We have consistently condemned the apartheid policy of South Africa and her aggression against the neighbouring countries. We reiterate our support to the heroic peoples of South Africa and Namibia in their just struggle for freedom and justice.

8. As a contribution to international efforts in the promotion of peace, Bangladesh has supported the U.N. Resolution on declaration of the Indian Ocean as a Zone of Peace as also the proposal for the de-nuclearisation of South Asia. We hope that conditions will soon be created for the holding of the proposed International Conference on Indian Ocean in Colombo.

9. Excellency, we seek best of relations and friendship with all the countries of the world. It is a matter of particular satisfaction to us that we enjoy close and friendly relations with all our neighbours. Regional cooperation is one of the most effective ways of achieving development through peace and cooperation. We firmly believe that by overcoming inherited inhibitions we can usher in a new era of constructive cooperation on the basis of sovereign equality and mutual benefit. We note with great satisfaction that Your Excellency has extended your valuable support to the move to make South Asian cooperation a reality. We are indeed happy that these efforts have generated the required momentum towards the realisation of structured Regional Cooperation in South Asia.

10. Excellency, at Least Deve-

loped Countries both Bangladesh and Maldives are confronted with the challenging task of over coming underdevelopment. Our efforts in this regard are, however, being impeded by unfavourable international economic environment and the existing inequitable global economic structure. We have, therefore, consistently felt that the process to establish a New International Economic Order based on equity and justice, should commence without further delay. We all should sincerely try to break the present impasse stalling the launching of the Global Negotiations.

Excellency,

11. I must express our great admiration for the steady progress that your great country has made in all fields under your wise and dynamic leadership. In Bangladesh, since assumption of office, the new Government has been engaged in determined efforts to accelerate economic regeneration and social development. We have launched a programme of administrative reorganisation and decentralisation designed to take the administration to rural Bangladesh and to our 68,000 villages. This is yet another step towards the establishment of the democratic process without which no long term and real development is possible. We will continue our efforts in this direction until we can lay the foundation of a viable and self-reliant Bangladesh.

12. Excellency, the people of Bangladesh deeply value their friendship with the fraternal people of Maldives. We are confident that the process of mutual cooperation and contact between our two countries will gather further momentum as a result of your august visit. I would like to thank Your Excellency once again for your visit to our country. We do hope your visit will be pleasant and fruitful.

Excellencies and distinguished guests, may I now request you to join me in a toast:

— to the good health, long life and happiness of His Excellency President Maumoon Abdul Gayoom;

— to the continued peace and prosperity of the fraternal people of Maldives;

— to the everlasting friendship and cooperation between Bangladesh and Maldives.

Speeches at 4 Mar Reception

Dhaka THE BANGLADESH OBSERVER in English 5 Mar 83 pp 1, 10

[Text]

President Maumoon Abdul Gayoom of Maldives said in Dhaka on Friday that the ties between Bangladeshi and Maldives were now closer than ever before, reports BSS.

"We have a common cultural heritage and we share the fraternalities of our great faith-Islam," he said.

The Maldives President was speaking at a civic reception given in his honour at Bangabhaban by the Administrator of Dhaka Municipal Corporation, Major General Mahbubul Hasan, on behalf of the citizens of Dhaka.

The simple but impressive reception was attended, among others, by the DCMLA, Rear Admiral M. A. Khan and Air Vice-Marshal Sultan Mahmud, members of the Council of Ministers, members of Ward Committees, heads of diplomatic missions and high civil and military officials.

Major General Hasan read out the address of welcome at the reception. He also presented the key of Dhaka to the distinguished visitor. The address of welcome was presented to the Maldives President in a casket.

Referring to the links existing between the two countries in various spheres, the Maldives President said our economic ties had also entered a new and promising phase. We are both Asian developing countries with a will to better the lives of our people.

Expressing his happiness to be in Bangladesh, President Gayoom said, "We in Maldives have watched with keen interest and admiration the strides taken towards social, political and economic development by the people of this country."

He said for many of us in Maldives, Bangladesh is a familiar name. The people of Maldives have localized the name of the port town Chittagong as "Setigam" and Bengal as "Bangaalhu". Not far from the recent past, yearly voyage to Bangaalhu from the Maldives was a common occurrence. Our ladies always preferred Bengali silk and our fishermen would not venture out to the sea unless armed with high quality tobacco imported from Bengal, he added.

Referring to the history of

the Maldives, he pointed out that the country's conversion to Islam took place some 900 years ago. "Since embracing Islam we have remained a 100 per cent Muslim country," he was proud to say amid cheers.

President Gayoom outlined the steps for the fulfilment of the aspirations of the people of Maldives by strengthening the social and economic institutions.

Referring to the problems facing the two countries, Mr. Gayoom expressed his conviction that the practical solution to the problems could be found only in the spirit of international understanding and co-operation based on concept of equality of nations, irrespective of size or strength or natural endowment of resources.

He was happy to note the heroic efforts of the people of Bangladesh for development without sacrificing their glorious tradition and social values.

The Maldives President was justly cheered when he wished the happiness and prosperity of brotherly country Bangladesh in a chaste Bengali.

Earlier, in his address of welcome, Maj Gen. Hasan stated that the visit of the Maldives President would strengthen and deepen the existing friendly relations between our two countries. Unique tie of historic religious and cultural heritage brought closer the two peoples from time immemorial, he added.

He further said that Maldives and Bangladesh held the identical views on different international issues and showed deep understanding and excellent mutual cooperation at different international forums. Our peoples share common hopes, common aspirations, common values and common ideals, he said adding "both the countries can work together for eliminating the curse of hunger poverty and ignorance through regional cooperation."

Tracing the history of Dhaka, he noted that the capital of Bangladesh had been famous through the ages and still carried the glorious relics of the past. The people of Dhaka and the surrounding areas, were once known the world over for their excellence in the art of making the finest Muslin, he said.

Text of Joint Communique

Dhaka THE BANGLADESH OBSERVER in English 7, 8 Mar 83

[7 Mar 83 p 1]

[Text]

Bangladesh and Maldives on Sunday observed that the seventh Non-aligned Summit which begins in New Delhi today (Monday) was of "exceptional significance in the context of the present unfavorable international political and economic developments" and resolved to exert their maximum concerted efforts to make it a success reports BSS.

A joint communique issued in Dhaka at the end of the four-day official visit of Maldives President Maumoon Abdul Gayoom to Bangladesh said the two countries reaffirmed their commitment to the UN Charter and the principles and objectives of the Non aligned Movement.

The leaders of the two countries underscored the importance of respecting the principles of sovereign equality non-use of force territorial integrity of all states noninterference and nonintervention in the internal affairs of other states and peaceful settlement of disputes.

On South Asian forum the communique said the two leaders welcomed the progress that has been made in promoting the implementation of the proposal for structured South Asian regional cooperation. They especially welcomed the decision of the seven South Asian countries to convene a meeting this year at the level of Foreign Ministers to launch an integrated programme of action.

Both the countries the communique said expressed concern that as a result of recent development in the region the Indian Ocean area could become the focus of great power rivalry. In these circumstances they called for implementation of the 1971 UN General Assembly resolution declaring the Indian Ocean as a zone of peace.

While reviewing the situation prevailing in Afghanistan and Kampuchea the two leaders reiterated their principled stand for a political settlement of the problem on the basis of immediate and unconditional withdrawal of foreign

troops from those countries.

The two countries condemned the continuing Israeli aggression against the Arab and the Palestinian people and her flagrant violation of the decisions and resolutions of the United Nations and other bodies.

They reiterated the view that a just and lasting peace could be achieved only on the basis of total and unconditional Israeli withdrawal from all occupied Arab territories including Al-Quds Al-Sharif, realisation of the legitimate and inalienable national rights of the Palestinians.

On bilateral relations the two leaders expressed their desire to promote further these relations through frequent exchange of visits at various levels.

Text of Jt communique

The following Joint Communique was issued in Dhaka on Sunday at the conclusion of the state visit to Bangladesh of His Excellency Mr. Maumoon Abdul Gayoom, President of the Republic of Maldives, says a PID handout:

At the invitation of His Excellency Mr. Justice A. F. M. Ahsanuddin Choudhury, President of the People's Republic of Bangladesh and His Excellency Lieutenant General H. M. Ershad, ndc, psc; the Chief Martial Law Administrator of Bangladesh, His Excellency Mr. Maumoon Abdul Gayoom, President of the Republic of Maldives, paid a four-day state visit to Bangladesh from March 3-6, 1983. The President of Maldives was accompanied by His Excellency Mr. Ahmed Mujtaba, Minister of Transport and Shipping and other senior officials.

On his arrival the President and the accompanying delegation were given a very cordial and warm welcome by the Government and the people of Bangladesh reflecting the close bonds of friendship existing between the two brotherly countries and the peoples.

Their Excellencies Rear Admiral M. A. Khan, Deputy Chief Martial Law Administrator and Minister for Communication

Mr. A. M. A. Muhith, Minister for Finance and Planning, Mr A. Z. M. Okaidullah Khan, Minister for Agriculture and Dr. Abdul Majeed Khan, Minister for Education called on His Excellency the President of Maldives.

In paying homage to the Martyrs of the War of Independence, the visiting President placed a wreath at the Jatiya Shaheed Smriti Shoudha.

[8 Mar 83 p 3]

[Text]

The following is the remaining part of the Joint Communiqué issued in Dhaka on Sunday at the conclusion of the state visit to Bangladesh of Mr Maumoon Abdul Gayoom President of the Republic of Maldives says a PID handout. His Excellency Lieutenant General H.M. Ershad ndc psc President of the Council of Ministers and His Excellency Mr Maumoon Abdul Gayoom President of the Republic of Maldives held detailed discussions covering bilateral regional and international issues. In these talks His Excellency Lieutenant General H.M. Ershad Chief Martial Law Administrator of Bangladesh was assisted by their Excellencies Rear Admiral M.A. Khan Deputy Chief Martial Law Administrator and Minister for Communication Mr. A.M.A. Muhith Minister for Finance and Planning and Major General Muzammel Hussain psc PSO to CMLA and Mr A.H.S. Ataul Karim Foreign Secretary and other senior officials. His Excellency Mr. Maumoon Abdul Gayoom President of the Republic of Maldives was assisted by his Excellency Mr. Ahmed Mujuhaba Minister for Transport and Shipping Mr Abbas Ibrahim Executive Secretary to the President Mr. Mohamed Shareef Senior Under Secretary Ministry of Foreign Affairs and Mr Ahmed Saleem Under Secretary Ministry of Foreign Affairs. The talks were held in an atmosphere of cordiality, mutual trust and understanding. The two leaders noted with satisfaction the growing development of cordial relations and close cooperation between the two countries. They expressed their desire to promote further these relations through frequent exchange of visits at various levels.

The two leaders expressed deep concern at the deteriorating international situation which posed increasing threat to peace and security in the region and

the world. They reaffirmed their commitment to the U.N. Charter and the principles and objective of the Non-Aligned Movement and underscored the importance of respecting the principles of sovereign equality, non-use of force territorial integrity of all states, non-interference and non-intervention in the internal affairs of other states and peaceful settlement of disputes.

The two leaders condemned the continuing Israeli aggression against the Arab and the Palestinian people and her flagrant violation of the decisions and resolutions of the United Nations and other world bodies. They reiterated the view that a just and lasting peace in West Asia can be achieved only on the basis of total and unconditional Israeli withdrawal from all occupied Arab territories including Al-Quds Al-Sharif realisation of the legitimate and inalienable national rights of the Palestinians people including their right to establish an independent state of their own in their homeland under leadership of the PLO the sole and legitimate representative of the Palestinian people.

While reviewing the situation prevailing in Afghanistan and Kampuchea the two leaders reiterated their principled stand for a political settlement of the problems on the basis of immediate and unconditional withdrawal of foreign troops and for the creation of conditions to enable the peoples of the two countries to determine their own destiny free from any external interference and intervention.

The two leaders expressed concern that as a result of recent development in the region the India Ocean area could become the focus of great power rivalry. They felt that increasing military activity and competition for naval superiority would lead to further conflict and tension in the area.

these circumstances they called for the implementation of the 1971 U.N. General Assembly resolution declaring the Indian Ocean as a Zone of Peace. They recalled the resolutions of the United Nations which called upon littoral hinterland states of the Indian Ocean permanent members of the Security Council and the major maritime users of the Indian Ocean to strengthen international security through regional and international cooperation. The two leaders expressed their unhappiness that adequate progress was not achieved toward the convening of the proposed International Conference at Colombo.

They further called for the speedy implementation of the special measures including the Substantial New Programme of Action already agreed upon by the International Community in favour of the Least Developed Countries. The two Leaders reaffirmed their commitment to the establishment of the New International Economic Order and the priority need to promote the cause of the Least Developed Countries. They expressed the conviction that all efforts should be made to reach an agreement on the early launching of Global Negotiations consistent with the

wishes of the vast majority of developing nations.

The two leaders emphasised that the convening of the forthcoming Seventh Conference of Heads of State or Government of the Non-aligned countries to be held in New Delhi was of exceptional significance in the context of the present unfavourable international political and economic developments and resolved to exert their maximum concerted efforts to make it a success.

The two leaders welcomed the progress that has been in promoting the implementation of the proposal for structured South Asian regional cooperation. They noted with satisfaction that necessary preparatory work was well underway towards making the South Asian Cooperation a meaningful reality. They especially welcomed the decision of the Seven South Asian countries to convene a meeting this year at the level of Foreign Minister to launch an Integrated Programme of Action. They agreed that this momentum should be maintained.

The two leaders noted with satisfaction the continued development of bilateral relations between the two countries. They expressed happiness in

particular at the progress achieved on cooperation in the Banking sector. They recognised that there was vast scope for further expansion of bilateral relations in all fields between Bangladesh and Maldives.

The two leaders agreed in principle to conclude Agreements on Education Culture and Sports on trade and on abolition of visa between the two countries. They agreed that necessary details in this regard would be worked out by the concerned officials of the two countries. The two leaders also agreed to explore the possibilities of cooperation in civil aviation.

His Excellency the President of the Republic of Maldives thanked His Excellency Mr. Justice A.F.M. Ahsanuddin Chowdhury President of the People's Republic of Bangladesh and His Excellency Lieutenant General H.M. Ershad ndc psc, the Chief Martial Law Administrator of Bangladesh for the warm hospitality extended to him and his delegation. He extended invitations to His Excellency Mr. Justice A.F.M. Ahsanuddin Chowdhury and His Excellency Lieutenant General H.M. Ershad ndc psc to visit Maldives at their convenience which were accepted with pleasure.

Gayoom's 7 Mar Press Conference

Dhaka THE NEW NATION in English 7 Mar 83 pp 1, 8

[Text]

Maldives President Maumoon Abdul Gayoom said in Dhaka yesterday morning that his country would have expanding cooperation with Bangladesh in various fields as their bilateral relations had been growing steadily.

Addressing a press conference at Old Ganobhavan in the morning on the eve of his departure at the end of his four-day state visit to Bangladesh, President Gayoom said he had fruitful talks with CMLA and ministers on expanding the areas of cooperation between the two brotherly countries. He said both governments had agreed to study the possibility of establishing air services between the two countries.

Describing Bangladesh as 'Sonar Bangla' the Maldives President said he was going back with 'golden memories' of the

golden country' which would remain fresh in his mind for long adding "I wish to visit various parts of this beautiful country."

He expressed his gratitude to the people and Government of Bangladesh for the cordial reception and warm hospitality extended to him and his entourage during the visit.

Giving a brief description of the Indian Ocean island state, the Maldives President said his country, meanwhile, had achieved success in some fields like fishing, shipping and tourism and added his country was keen to import agricultural products from Bangladesh.

He, however, said details of the agreements and understanding would be discussed between the officials of the two countries

leading towards conclusion of agreements between Bangladesh and Maldives.

He lauded the role of Bangladesh in promoting the cause of regional cooperation among the seven South Asian nations and hoped that the Dhaka meeting later this month of the Foreign Secretaries would definitely contribute positively towards holding the Foreign Ministers conference.

Responding to a question concerning Bangladesh's desire to contest for the post of Secretary General of Organization of Islamic Conference (OIC), President Gayoom said, "We would be happy to endorse the candidature of Bangladesh."

BSS adds : President Gayom expressed optimism about the success of the current Non-aligned summit beginning today in New Delhi 'if all work together.'

He said both Bangladesh and Maldives had expressed desire to closely concert our efforts to make the summit a success.

On Kampuchean and Afghan issues, President Gayoom said, both Bangladesh and Maldives had identical views. He called for total withdrawal of all foreign troops from those two countries for arriving at a political solution consistent with UN resolutions and OIC's initiatives.

"We cannot support any government installed by foreign power," he added.

President Gayoom called for an early convening of the proposed international conference on the Indian Ocean in Colombo, since, he pointed out the "implementation of the UN declaration is essential to the security, stability and progress of the region."

Replying to a question he denied any big power rivalry over Maldives but said as a matter of principle "it is our concern" since such rivalry were present "around us".

President Gayoom said that he was not happy at the military activities and base in Diego Garcia and pleaded for demilitarisation of the island.

He called for immediate and total withdrawal of Israeli troops from all occupied Arab territories and Lebanon including Al Quds Al Shariff.

Giving a profile of his country the Maldives leader said, it is a one hundred per cent Muslim nation comprising 1200 islands, stretched from north to south and 300 miles south-west of the subcontinent.

Later, President Gayoom was given a hearty send off as he left for the 7th Non-aligned summit in New Delhi ending his state visit to Bangladesh.

President Ahsanuddin Chowdhury and the CMLA, Lt. Gen. H. M. Ershad, bade him farewell at the Zia International Airport.

Gen. Ershad also left for the New Delhi summit by the same plane.

The Maldives leader was given a guard of honour by a contingent drawn from the three services.

DCMLAs Rear Admiral M. A. Khan and Air Vice Marshal Sultan Mahmud, ministers, diplomats and high civil and military officials, were present on the occasion.

Earlier, school children waved miniature flags of the two countries at different points along the route between the old Ganobhaban and the airport as President Gayoom's motorcade passed by them.

REPORT ON DOHA'S REMARKS AT FOREIGN MINISTERS MEET

Dhaka THE NEW NATION in English 5 Mar 83 p 4

[Text]

NEW DELHI, March 4, (BSS) : Bangladesh yesterday made a strong plea to fill the vacant Kampuchean seat in the Non-aligned Movement and suggested concrete proposal to break the stalemate.

Intervening in the debate on the vexed Kampuchean issue Foreign Minister A.R. Shams-Ud-Doha extended his country's total support to Democratic Kampuchea and said non-representation of the country in the conference ran contrary to the principles of the Non-aligned Movement.

The subject dominated the opening day's proceedings of two-day ministerial-level meeting prior to the summit with over 30 nations participating in the debate.

The two-day officials meeting yesterday washed off its hands on the contentious issue and remitted it to the ministers.

Those who participated in yesterday debate include Malaysia, Singapore, Vietnam, Pakistan, Indonesia, Cuba, Nepal, India, Afghanistan, Libya and Yugoslavia.

They totally differed in two broad perceptions in the table of Kampuchean representation with little signs of narrowing the differences.

Host country's Foreign Minister Narasimha Rao, the Chairman of the Minister's meeting,

earlier in the day cautioned against the play of acrimony in debates so that the summit could arrive at a consensus in the highest tradition of the movement.

The Bangladesh Foreign Minister, echoing the sentiments of bulk of the Non-aligned members, regretted the unseating of the Democratic Kampuchea in the sixth summit and said vacant seat must be filled in quick time as the issue was a matter of 'conscience'.

This required re-statement because of a growing impression that 'we perhaps have resolved to keep the seat vacant' Mr Doha said adding that there was a need to make a clear distinction between two positions.

He suggested setting up of a committee at either ministerial level or at the summit to examine or review issue and arrive at a consensus on the issue quickly. The committee also might like to examine such procedural questions that caused misunderstanding among the members on this issue and might recommend ways to resolve the issue at the best interest of the movement, Mr Doha said.

The Foreign Minister reaffirmed Bangladesh total position to the presence of Foreign troops in Kampuchea and said the Govern-

ment represented in the United nations be seated in the movement.

ASEAN nations Singapore, Malaysia and Indonesia made scathing remarks on keeping the seat vacant and said the movement was doing a 'great injustice' against Democratic Kampuchea, which was now under occupation of a foreign country.

They also drew a parallel between the Kampuchean situation and the Afghan tangle over presence of foreign troops and urged neutrals to rectify the decision at the 'machinations' at Havana summit by chairman Cub.

CSO: 4600/1876

REPORT ON HOME MINISTER'S 5 MAR SPEECH IN DHAKA

Dhaka THE BANGLADESH OBSERVER in English 7 Mar 83 p 12

[Text]

Mr Mahbubur Rahman, Minister for Local Government, Rural Development, cooperatives and Religious Affairs said that the objectives before the Government of General Ershad were decentralization of power resources and responsibilities and introduction of politics and democracy of the people aimed at welfare and upliftment of the downtrodden neglected and exploited masses reports BSS.

Addressing the Chairmen and Members of Ward Committees of Dhaka Municipal Corporation in Dhaka on Saturday the Minister said, for achieving the objectives General Ershad and his Government were striving hard right from the beginning of the regime and started taking positive steps within six months of proclamation of Martial Law for reverting back to democratic system through election of the Local Government institution; by the end of the current year and of the Parliament and the national Government by the end of next year.

The Minister further said that democracy can not be practised without peaceful atmosphere stability mutual tolerance and respect. Politics of violence and destructions can not go well with democratic process and system, he added. He appealed to the politicians and the people for cooperation with the Government in materialising its programme for starting the democratic process and bringing in democratic institutions at all levels.

Continuing, the Minister said that General Ershad and his Government were respectful towards democracy and have given the programme for restoration of political activities and democratic institutions. "If due to situation created by forces indulging in violent and destructive activities the programme of General Ershad is delayed or deferred development activities are hampered, democratisation programme is disturbed. Government will not be held responsible" he categorically said.

Mr Mahbubur Rahman said, "the Government was sincerely striving very hard to evolve a system and build up democratic institutions, so that peaceful transfer of power was ensured, democratic institutions were not destroyed and for fulfilment of political ambition or adventurism lives were not lost, blood was not shed."

Giving the detailed account of the background of the emergence of the present Government, the Minister pointed out that since Bangladesh came into existence, except the present Government, change of Government took place through bloodshed. All powers were centralized in the house and one hand, he added. He said, "politics were used as an instrument for aggrandizement of a particular class and democracy was killed in the name of democracy. Followers killed the leaders and parties continued to remain in power even after killing of party leaders. The present Govern-

ment neither killed anybody nor grabbed power. The armed forces with consensus for the first time shouldered the responsibilities for saving the country its economy and administration at a stage while there was no alternative".

In this connection the Minister referred to the address of the former President Justice Sattar delivered on March 24 last wherein the former president supporting the actions of the armed forces said that it was inevitable for saving the country. On February 11 last year when cabinet was reshuffled the former President provided the justification saying that the reshuffle was effected to arrest rampant corruption.

Referring to the past political developments, the Minister said that in usual course the election should have taken place much later. "It is political saga city and magnanimity of General Ershad who intends to hold it earlier and while amendments to the constitution are introduced the Government will reflect in the amendments the views of the people and reflect their hopes and aspirations. "It will be amendment of the constitution but not introduction of a new constitution" the Minister observed.

In connection with decentralization of administration and upgrading Thana Parishads the Minister disclosed that in the event of necessity the Government intends to associate the prominent citizens with the local government institutions as interim arrangement to be continued till elections are held.

He also indicated that the post of Vice-Chairmen of Municipal Committees which are lying vacant may also be filled up by civilians through nominations to be continued till elections are held.

The Minister stated that works are going on in full-swing for holding the elections of Union Parishads and municipal committees including Dhaka and Chittagong Municipal Corporations by December next.

BANGLADESH

JAPANESE OFFICIAL SIGNS AGREEMENTS ON GRANTS

Dhaka THE BANGLADESH OBSERVER in English 5 Mar 83 pp 1, 12

[Text]

Bangladesh will receive a grant of approximately Taka 20 crore equivalent to 2.04 billion yen from Japan under two separate exchange of notes signed between the two countries in Dhaka on Friday, reports BSS.

The visiting Japanese Parliamentary Vice-Minister for Foreign Affairs, Mr. Yozo Ishikawa, and the Secretary of the External Resources Division Mr. Mofizur Rahman, signed the agreements on behalf of their respective governments.

Under one exchange of note Japan will provide Bangladesh with an united commodity grant of 17.47 crore as debt relief measure. The grant will be utilised for procurement of various commodities mutually agreed upon between the two governments. The present grant is the first of its kind given to Bangladesh by Japan in accordance with 1978 UNCTAD resolution regarding debt and development problems of the developing countries.

The second agreement provides Bangladesh with a grant of approximately Taka 2.90 crore for improvement of medical equipment of Dhaka National Medical Institute.

Japan's grant assistance to Bangladesh now totals Taka 76 crore during the current fiscal year and Taka 651 crore since 1971.

Another report says: The visiting Japanese Parliament-

ary Vice-Minister for Foreign Affairs Mr. Yozo Ishikawa held formal talks with Bangladeshi Foreign Secretary Mr. A.H.S Ataul Karim at the Foreign Ministry in Dhaka on Thursday.

During the talks the two sides discussed matters concerning bilateral relations and reviewed international and regional situation a foreign office spokesman said later.

The forthcoming non-aligned summit meeting in New Delhi also figured prominently in the discussion the spokesman said.

Mr. Ishikawa praised the "moderate constructive and realistic" role being played by Bangladesh in the Non-aligned Movement and added that this would help in further strengthening the movement.

That Foreign Secretary expressed the hope that the visit of Mr. Ishikawa would contribute further to strengthening the growing bilateral relations between Japan and Bangladesh.

The Foreign Secretary was assisted among others by Mr. Anwar Hashim Mr. Mahbubul Alam and Mr. Ahmed Tariq Karim Directors General in the Ministry of Foreign Affairs. The Japanese Parliamentary Vice-Minister was assisted among others by Ambassador Mr. Hirohiko Otsuka and Mr. Takashi Nakamoto of the Ministry of Foreign Affairs of Japan.

CSO: 4600/1880

'SPECTACULAR' RISE IN OIL IMPORTS HARMS ECONOMY

Dhaka THE NEW NATION in English 5 Mar 83 pp 1, 8

[Text]

The increasing oil import bills as a percentage of export earnings have created strains on the economy with the growing deficit in the country's current account.

The deteriorating balance of payment situation has aggravated the problem in the recent years following the spectacular rise in the oil imports.

In the last financial year out of the total export earnings of 640 million dollars, about 554 million dollars was spent on import of crude and POL (petroleum, oil and lubricants) items, implying a current account deficit of Tk 1603 crore of which 75 per cent was due to the import of crude oil and petroleum products. This amount however did not include the freight charges.

In a keynote paper placed before the North-South round-table delegation recently it was shown that the deficit in the current account might rise further due to more spendings on the imports of oil.

In the current financial year (1982-83), nearly 87 per cent of the total expected export earnings

will be spent on the import of POL items, while in the year 1972-73 the percentage of export earnings on oil bills was only 7 per cent. Since then the current account deficit has been kept mounting.

In 1973-74, the spending on oil import was 22 per cent while in the following year it was double compared to the preceding year's spending. But in 1978-79 the oil import bills suddenly recorded a sharp fall as a percentage of total export earnings to only 29 per cent, by inflicting a heavy wound on the current account. In 1979-80 the percentage was 49 and the next year it was 69.

Of all the countries of the sub-continent, Bangladesh has been hit most severely by the energy crisis which began almost immediately after her inception.

The rate of growth in domestic savings as a percentage of GDP (gross domestic product) has been clearly restricted owing to the energy crisis, inhibiting the availability of domestic resources for new investment.

CSO: 4600/1880

INTEGRATED PLAN TO EXPLOIT OCEAN RESOURCES URGED

Dhaka THE BANGLADESH OBSERVER in English 11 Mar 83 pp 1, 8

[Text]

The Deputy Chief Martial Law Administrator Rear Admiral M. A. Khan said in Dhaka on Thursday that the technological revolution at sea had opened new frontiers of economic progress for Bangladesh in the field of food, mineral's and energy, reports RSS.

'We are now beginning to realise the potentialities of sea in our national life' Admiral Khan said while delivering a talk on 'Bangladesh and Law of the Sea' at the Bangladesh Institute of International and Strategic Studies in Dhaka on Thursday.

The DCMLA referred to the vast potentialities in the seabed particularly in meeting our protein and energy needs and said if the sea resources could be harnessed, 'it will bring about fundamental material changes in the quality of our life'. He called for developing an integrated development programme for exploitation of the resources at sea which was so vitally needed for our economy.

Admiral Khan said that the Ministry of Communication was proposing to set up a national maritime review committee under the chairmanship of the head of the Government to promote and coordinate all activities relating to the use and exploitation of sea resources training programmes and building up of maritime infrastructure in the country. There is also a move on the part of Ministry of Fisheries to promulgate a deterrent law for poaching in our E.E.Z and against the maritime pollution at sea and for violation of other provisions of our Maritime Zone Act of 1974.

Referring to the Law of the Sea Convention, the Admiral said that the convention was signed by 119 countries and the

act was signed by 150 countries on the first day it was opened for signature. He said that Bangladesh had signed the convention (in Jamaica last year) in pursuance of its commitment to international law, peace, good order and to show solidarity with the peoples of Non-aligned Islamic countries. Bangladesh he said has joined with the 114 other countries in the world for setting up a universal regime for control, regulation and exploitation of sea space with the intention of peace, justice and economic good order.

The DCMLA said that under the new convention, the limit of territorial sea has been extended from 3 to 12 nautical miles and an area extended upto 200 nautical miles known as Exclusive Economic Zone and is now available for the exploitation of both living and non-living resources.

The Minister said that the continental shelf of any state is now extended upto 350 nautical miles under specified circumstances. He said that all area of sea which are not included in the Exclusive Economic Zone territorial water would come under the national jurisdiction of mankind and would be regarded as common heritage of mankind.

Admiral Khan said the international seabed authority would be formed to organise and control activities within the high seas with a view to administering resources of the area. The authority will have an assembly in which all signatories will be members and as a legislative branch of the

authority, it will be the supreme organ of the authority. The council will consist of 36 members where Bangladesh as a developing state with large population may get a seat. It is the executive organ of the authority. The enterprise shall be the field organ of the authority which shall carry out activities in the area directly as well as transporting and marketing minerals.

He cautioned that various articles regarding transporting of technology and assisting developing nations in the training of human resources and development of marine technology. The convention also envisages setting up of a regional centres in the developing states and the Minister felt that as an over populous and least developed country Bangladesh could have a regional centre. The Minister also highlighted that the economic and financial benefit of the authority from the seabed would be on the basis of the equitable sharing criteria taking into account interests and needs of developing states. This distribution policy is a great interest for Bangladesh as a developing nation.

The DCMLA said that there is a written obligation on the part of state parties to settle peacefully any disputes between them concerning the interpretation or application of the convention in accordance with the charter of United Nations. It has been all along emphasised in the convention that settlement of disputes

through any procedure has to be through mutual consent. Even application of submission of disputes to conciliation has to be through agreement of concerned parties. There exists however a framework for compulsory procedures entailing binding decisions. In such cases any disputes where settlement has not been reached mutually can be submitted to four courts tribunals (a) the international tribunal for the law of the sea (b) the international court of justice (c) arbitral tribunal (d) special arbitral tribunal having jurisdiction in this matter.

He further said that Bangladesh believes that all states parties shall fulfil in good faith the obligations assumed under this convention and shall exercise the rights jurisdiction and freedoms recognised in this connection in a manner which would not constitute an abuse of right.

The DCMLA said that it is the first United Nations Charter dealing with practically every aspect of the usage and resources of the sea. It is an embodiment of the Rule of Law of Sea and the principle of peaceful settlement of the disputes. It is the best codification, modification and simplification with update and progressive development of the Law of the Sea. It advocates and promotes stability in the exploitation of the sea resource with interest of all the peoples. It proclaims that the hope of mankind lies not in unilateral actions but in effective international cooperation and organisation.

CSO: 4600/1876

BANGLADESH

BRIEFS

COOPERATION WITH FINLAND--Bangladesh and Finland on Friday signed an agreed minute on development cooperation between the two countries on conclusion of two-day bilateral talks at the official level, reports BSS. The two sides reviewed the progress of on-going programmes assisted by the Government of Finland and also explored possibilities of expanding the area of cooperation between the two countries in the future. Mr. Shafiul Alam, Additional Secretary of the External Resources Division and Mr Tom Groanberg, Deputy Director, Development Cooperation Department, Ministry of Foreign Affairs of Finland signed the agreed minute on behalf of their respective governments. According to an official source the Finnish side showed interest in financing Rural Electrification Programme, development of Chittagong port project, primary health care programme, intensive rural works programme and population control programme. The Finnish side also agreed to provide commodity aid to Bangladesh in the form fertilizer, pulp, wooden poles, conductors, transformers and also technical assistance, the official said. The Finnish delegation left Dhaka on Friday for home. [Dhaka THE BANGLADESH TIMES in English 26 Feb 83 p 8]

TIES WITH SEYCHELLES--The governments of Bangladesh and Seychelles have decided to establish diplomatic relations at the ambassadorial level as of 28th February 1983, reports BSS. An official announcement said Bangladesh will maintain diplomatic relations with Seychelles through concurrent accreditation of one of its ambassadors from a nearby resident mission. [Dhaka THE BANGLADESH OBSERVER in English 28 Feb 83 p 1]

ACCORD WITH BURMA--Bangladesh and Burma signed a general agreement under which Bangladesh would export goods worth Taka 5.13 crore to Burma. Against this amount, Burma would export ten thousand metric tons of rice to Bangladesh. A Press release issued by Trading Corporation of Bangladesh (TCB) in Dhaka on Monday said that the agreement was signed after three days of talks between Bangladesh trade delegation led by Brig. (Retd.) A. K. M. Azizul Islam, Chairman, Trading Corporation of Bangladesh and the Burmese authorities, led by Mr. Soe Nyunt, Managing Director of Myanma Export Import Corporation, in Rangoon. Under the agreement, Bangladeshi exports to Burma will include jute gunny bags, urea fertiliser, newsprint and PVC water pipes. [Dhaka THE BANGLADESH OBSERVER in English 1 Mar 83 p 1]

PRC ENVOY'S CREDENTIALS--The new Chinese Ambassador to Bangladesh, Mr Zizo Xiangquian presented his credentials to President Ahsanuddin Chowdhury at the Bangobhaban on Monday morning, reports BSS. Presenting his credentials the Chinese envoy expressed his hope that the existing relation of friendship and understanding between Bangladesh and China would gain in strength in future to the mutual benefit of both the nations. The President reciprocated the sentiments expressed by the envoy and referred to the historical and cultural ties between the two friendly nations. He assured the envoy of all possible cooperation and assistance in the discharge of his responsibility during his tenure of service in Bangladesh. The envoy on his arrival took the salute presented by a smartly turnedout contingent of the President's Guard Regiment and inspected the guards. [Dhaka THE BANGLADESH OBSERVER in English 1 Mar 83 p 1]

ENVOY TO JAMAICA--The Government has decided to concurrently accredit the present Bangladesh High Commissioner to Canada, Major General (Retd.) K.M. Safiullah, as the High Commissioner to Jamaica a foreign office announcement said, in Dhaka on Tuesday reports BSS. [Dhaka THE BANGLADESH TIMES in English 2 Mar 83 p 1]

TIES WITH LESOTHO--The Government has decided to establish diplomatic relations with the Kingdom of Lesotho at the level of ambassador with effect from March 4, 1983, it was officially announced in Dhaka on Wednesday, says BSS. Bangladesh will maintain diplomatic relations with Lesotho through concurrent accreditation of one of its ambassadors from a nearby resident mission. [Dhaka THE BANGLADESH OBSERVER in English 10 Mar 83 p 1]

CSO: 4600/1877

CPI LEADER COMMENTS ON GANDHI FOREIGN POLICY

New Delhi PATRIOT in English 2 Mar 83 p 7

[Text]

CPI general secretary C Rajeswara Rao has said that on matters of foreign policy, unity of the country and fight against communalism, Mrs Gandhi's positions "are much nearer to ours".

He made this observation while replying to queries at a press conference in the Capital on Tuesday.

Mr Rao, however, made it clear that this by itself or his recent meeting with Mrs Gandhi to discuss the issue of Punjab did not mean that "we will again line up behind her."

The CPI leader was releasing the resolutions adopted at his party's Central Executive Committee meeting held in New Delhi from 26 to 28 February.

On Punjab, the committee welcomed Mrs Gandhi's announcement that she was accepting the major religious demands of the Sikhs.

Urging her to break the deadlock in the Centre-Akali talks on the river waters and territorial issues, the committee called upon her to take immediate steps to work out agreed conditions for referring the waters issue to a tribunal without prejudice to the 1965 agreement, for giving Chandigarh to Punjab with due territorial compensation and financial aid to Haryana and also a mechanism for resolving the territorial dispute between Punjab and Haryana.

The CEC deplored that some parties including the Congress-I were allowing their state units to take divergent positions on these issues and 'whip up chauvinistic passions' with reckless disregard to the needs of national integration'. He noted that the 'BJP, of course, outpaces the Congress-I in this respect' thereby creating fresh hurdles in the way of a settlement in Punjab.

It further appealed to the Akali leadership not to press the resignation of the Akali MLAs and MPs and desist from taking steps that would further aggravate the situation.

On Assam, the committee expressed profound grief at the loss of innocent lives. It called upon the Central Government to take the initiative for creating necessary conditions to reactivate the process of negotiations for a solution of the foreigners' problem. This would help pave the way for a 'new election in the State on the basis of the 1971 voters' roll duly revised up-to-date'.

The electoral process in Assam had been rendered largely futile he said, due to the atmosphere of terror; largescale communal riots engineered by the anti-poll agitators; and 'massive rigging' by the Congress-I. The new Congress-I Ministry could not claim the people's mandate and could not wield any authority it added.

CSO: 4600/1850

REPORT ON GANDHI'S 1 MAR SPEECH IN LOK SABHA

Calcutta THE STATESMAN in English 2 Mar 83 pp 1, 9

[Text]

NEW DELHI, March 1.—Mrs Gandhi declared in the Lok Sabha today that the unity and integrity of India would be maintained at all costs, pointing out that some people had begun to talk loosely about the break-up of the country.

"This country is not to break up. This Parliament, my party and, I am sure, all parties here, will never let that happen", the Prime Minister said amid loud cheers in the House.

Mrs Gandhi intervened in the Lok Sabha and later in the Rajya Sabha to reply to the debate in the two Houses on the motion of thanks to the President for his Address to the joint sitting of both Houses of Parliament.

After Mrs Gandhi's reply, the two Houses adopted by voice vote a motion of thanks to the President. The Lok Sabha rejected by a voice vote about 600 cut motions on the Address. Similarly, the Rajya Sabha also rejected by voice vote several Opposition amendments.

The motion of thanks which said that "the members of the Lok Sabha assembled in this session are deeply grateful to the President for the Address which he has been pleased to deliver to both Houses of Parliament assembled together on February 18" was moved in the House by Mr K. Brahamananda Reddy and seconded by Mr K. K. Tiwari. It was moved in the Rajya Sabha by Mr B. P. Majruva and seconded by Mrs Margaret Alva (both Congress-I).

Speaking on the economy in the country, Mrs Gandhi's speech was noteworthy for the strong defence of the Government's policies and its performance. She said the picture was neither illustory nor exaggerated as was alleged by the Opposition.

The Prime Minister described the Opposition's criticism of the Address as an outcome of "political prejudice" and said the over-

all economy, as compared to the previous years, was enough to prove whether it was bad or good management. The power situation was improving and the performance of the railways had improved, providing better infrastructure facilities for the economy.

Mrs Gandhi said, inflation was raging in Europe, the USA and many other parts of the world. In some countries where there was no inflation, there were no goods, the Prime Minister said, adding "I have seen with my eyes long and unsatisfied queues". On the Opposition criticism that only the wholesale price index had gone down and the fall was not reflected in the consumer price index, she said this was true. But in 1982 the rate of increase in consumer price index was only 8% as compared to 12.7% in 1981.

She referred to the Union Budget presented to Parliament yesterday and said it was consistent with the economic policies of her party, a basic tenet of which was to keep up Plan expenditure. The Budget had raised a reasonably large amount of resources in a non-inflationary manner to meet the demands of Plan expenditure. There was no escape from raising resources.

Talking about the deteriorating global economy, Mrs Gandhi said that in the present situation a country like India was worst hit. She said she expected that the five economists appointed by her to advise the Government on major economic issues would come up with short-term and long-term solutions of problems.

ASSAM
On the Assam situation, Mrs Gandhi said the need of the hour was for all sections of the people

to curb their emotions and come together to find a solution of the problems of foreign nationals. There was no problem which could not be solved amicably and through earnest discussion. "Even if some young people are consumed by anger, I continue to regard them as my children and children of this country. But more important, can I put aside my responsibility to my country and threats to its unity and integrity?" she asked.

Speaking on the situation in Assam in the Rajya Sabha, the Prime Minister regretted the violence there and said "we must ensure the safety of the lives of the Assamese and their property at all costs and strive to achieve unity". She ridiculed the Opposition criticism of her Government's handling of communalism. Mrs Gandhi said: "Minorities know that I am for safeguarding their interest"; adding "the forces of communalism are a blot on the nation".

AKALIS

On the Akali demands, the Prime Minister said "if I understand Sikhism alright, its basic tenet is love and brotherhood. The most moving hymn of Guru Nanak was that Hindus and Muslims were alike. In the country Hindus, Muslims, Christians, Parsis and all others are equal".

The Prime Minister said she was sorry that some sections of the people were whipping up communalism. According to her a large number of communal incidents were basically the result of economic inequalities but they were being exploited by some

mischiefous elements. And, she said, there was a growth of extremism among Hindus and Muslims.

Mrs Gandhi agreed to suggestions that the intelligence machinery should be overhauled and said the Government was looking into it. She said some sort of training was also being imparted to the police to ensure that they were more sensitive to situations and were not swayed away from their duty of protecting the people.

On corruption, Mrs. Gandhi said: "We are determined to end this evil". Wherever corruption was found, action was taken. Corruption was an evil and so was its political use, she added.

In her early part of the speech, Mrs Gandhi defended the Presidential Address and said it had placed before Parliament the state of affairs of the nation with a high sense of responsibility and in a cogent and compact manner.

Later, the Prime Minister informed the Rajya Sabha that India was trying to further reduce its imports which had declined from 7.3% in 1981-82 to 6% in 1982-83. Simultaneously, the country was trying to increase its production by availing of the IMF loan, she said intervening in the debate in the House on the President's Address to Parliament.

She said the imports of petroleum products was expected to go down by Rs 600 crores in 1982-83. This would be further reduced in 1983-84 and attempts made to raise indigenous production, she said.

CSO: 4600/1849

LETTER FROM ASSAM STUDENTS TO GANDHI REPORTED

Madras THE HINDU in English 9 Mar 83 p 9

[Text] NEW DELHI, March 8--Spokesmen of the All-Assam Students' Union today blamed the carnage in the State on "inflammatory speeches" by the Prime Minister, Mrs. Indira Gandhi, and the Railway Minister, Mr. A. B. A. Ghani Khan Choudhury, on the eve of the Assembly elections.

They alleged that within a short while of the Prime Minister's last election meeting an Assamese village near Gauhati had been attacked and several persons killed.

The massacre at Nellie, which took a heavy toll of lives, occurred after five Lalung tribals had been found dead. The attack on the immigrant Muslimes in the area was in retaliation.

Dr. D. P. Barooah, professor of political science in the Gauhati University, and four other AASU representatives, gave newsmen copies of an "open letter in the form of an appeal on humanitarian grounds to the heads of delegations of the non-aligned countries meeting in New Delhi to ponder the consequences of the Assam carnage." The appeal was being sent to all non-aligned delegations.

Observing that over 3,000 lives had been lost, many were maimed and lakhs of people were uprooted from their homes, the letter said over a lakh of para-military forces billeted in the State had "run amok inflicting torture" and committing "arbitrary killings and grave violations of human rights."

"The Sharpeville killings in South Africa decades ago had roused the democratic conscience of the international community." The Assam carnage is much more serious leaving a trail of widespread suffering.

The letter expressed its appreciation of the international concern over the Assam tragedy as expressed by the U.N. Secretary-General.

It said "While all domestic issues can be settled at the national level, the international community has also its role to play, if only on human rights considerations. At certain points of time, certain domestic issues cease to remain so because of legitimate international concern."

Quoting various provisions of the U. N. charter, it added: "faced with the grim tragedy in Assam, may we beseech you to consider how far the expression of grief by the international community over the carnage should extend to the point of possible friendly succour on human rights considerations and basically in the interest of avoidance of tension."

"The monstrous problem of infiltration" mainly from the erstwhile East Pakistan had caused genuine fears among the people of Assam that they were swamped by the aliens.

"Our movement is only against the illegal infiltrators and foreign nationals whose presence constitutes a grave menace to the security and integrity of India, thereby jeopardising the socio-economic life, national individuality and the distinctive personality of the people of Assam."

"We are not secessionists for the simple reason that we seek a principled solution to our national problem on the basis of the country's constitution and the existing laws."

The letter maintained that violence had been triggered by the recent elections in which lakhs of foreigners had been allowed to vote.

Dr. Barooah gave enough indications that while the ASSU would welcome negotiations to find a solution to the foreigners problem, it would not like other organisations to be involved in them. The sincerity of the Government in finding a negotiated settlement would be in doubt if it enlarged the scope of the dialogue by including all manner of people in it.

The Union Home Minister, Mr. P. C. Sethi, had told Parliament recently that for future talks the Government would invite not only the AASU and the All-Assam Gana Sangram Parishad but also representatives of various minorities and the newly elected members of the Assembly.

CSO: 4600/1862

GANDHI INTERVIEW WITH ALGERIAN NEWS AGENCY REPORTED

New Delhi PATRIOT in English 5 Mar 83 p 3

[Text]

Prime Minister, Indira Gandhi has said that the non-aligned movement, committed to the high ideals of peace, disarmament and economic progress, is as relevant as before in solving world problems, reports PTI.

Mrs Gandhi, who will be taking over the leadership of the movement at its current summit in Delhi expressed her views on the objectives of the movement and related issues in an interview with the Algerian News Agency.

Mrs Gandhi rejected the suggestion that the non-aligned movement had moved away from its original path at the Havana summit in 1979. "I don't think it moved away", she remarked when the correspondent asked what she would be doing to bring back the movement to the centre.

Mrs Gandhi said that the decisions at Havana were taken by consensus. "That is what we will do here and also follow in the future" she said.

Mrs Gandhi said in this connection that the non-aligned movement had always been criticised by some people. There was a "consistent effort" to weaken the movement and make it lose faith in itself. In spite of differences, however, we are committed to our high ideals. The fact that the movement is still relevant is proved by the fact that more and more countries want to join it" she said.

In reply to question on North-South and South-South cooperation, the Prime Minister referred to the interdependence of developed and developing countries and of the need for developing nations to help themselves collectively.

She said that the developing nations needed help, but that was not charity. It is as much in the interest of the developed countries because their own economic crisis can be solved only if they have our markets" Mrs Gandhi said.

Stressing the need for South-South cooperation, Mrs Gandhi said, that it was easier for developing nations to help each other. "We have common problems and common experiences and it is easier for us to help each other because we know what lack of resources means what can be done to overcome it and how much we can absorb" she said.

Asked whether the New Delhi summit would come up with any new economic initiatives, Mrs Gandhi said, this depended on the leaders attending the conference. "We attach very great importance to economic problems because they are the core of most political problems as well" she said.

In reply to another question on the Iran-Iraq war, Mrs Gandhi said. "We would like that war to end... I cannot prophesy what will happen, but I don't think that the fact that such quarrels exist will in any way basically weaken our movement."

Mrs Gandhi said that she had very pleasant memories of her participation in the non-aligned Algiers summit in 1973.

About the motivation for her work in the national and international scene, Mrs Gandhi remarked "I was born and brought up at the time of the freedom struggle. I want to see the freedom to be strengthened and built and not be overshadowed by anybody else's pressure or influence".

NATIONAL DEBATE ON NONALIGNMENT POLICY REPORTED

Madras THE HINDU in English 1 Mar 83 p 10

[Article by G. K. Reddy]

[Text] NEW DELHI, Feb. 28.

Despite the preoccupation with the budget, the summit fever has caught on in a big way with innumerable seminars on non-alignment in which former Prime Ministers, Foreign Ministers, Ambassadors and others have been participating to voice their views on how India should conduct itself at this conference.

The former Prime Minister, Mr. Morarji Desai, who had come all the way from Bombay to preside over one of the seminars, has sharply criticised the present Government for recognising the Heng Samrin regime in Kampuchea and its failure to condemn the Soviet military intervention in Afghanistan.

His successor, Mr. Charan Singh, has written a lengthy letter to the Prime Minister, Mrs. Indira Gandhi protesting against the Government's refusal to allow the rival Kampuchean regime to send a delegation to Delhi to state its case.

Three former Foreign Ministers, Mr. Dinesh Singh, Mr. Atal Behari Vajpayee and Mr. Shyam Nandan Mishra — have joined in what has come to be described as a national debate on non-alignment in which many prominent personalities including some Chief Ministers, Dr. Farooq Abdullah, and Mr. Ramakrishna Hegde, a former Chief Justice of India, Mr. M. H. Beg, several former Central Ministers and Ambassadors and many prominent scholars and leading journalists either participated or associated themselves with the declarations issued or resolutions adopted by them.

The views expressed at the seminars were generally unanimous about the continued relevance of non-alignment and its increasing importance in the preservation of world peace and promotion of a more equitable economic relationship between the rich and poor nations. But the participants sharply disagreed on India's interpretation and application of non-alignment to differing situations.

A section of opinion strongly endorsed Mrs. Gandhi's policies on Kampuchea and Afghanistan, while others severely condemned

her for adopting double standards in judging comparable situations.

Mistaken notion: An intellectual exercise of this kind would normally be welcome in debating issues and clarifying the policies the country should adopt in an international conference of this nature. But reports of the sharply differing opinions expressed at these seminars are being mistaken by the foreign delegates and observers who have started arriving for the conference as a reflection of deep differences within India over the validity of the country's approaches to some of the contentious problems.

The advance parties of various delegations that have already arrived to attend the senior officials' meeting opening tomorrow have had a busy day lobbying furiously for their respective approaches to issues like Kampuchea and Afghanistan. The tempo will build up further with the arrival of the Foreign Ministers in the next two days and reach a feverish pitch when the heads of State and Government start arriving during the week end for the summit. The politicking will go on in one form or another until the last day of the conference.

Radicals unhappy: The radicals in the non-aligned community are unhappy with the markedly moderate tone of the two drafts which are free from ideological overtones. But the pro-Western elements are protesting over the singling out of Diego Garcia for special condemnation without making a parallel reference to the base facilities in Sacrota and other places that are available to the Soviet Union.

But as a host country India has been engaging itself in some quiet diplomacy behind the scenes to promote the idea of talks at the local level by the countries concerned in the respective regions over both Kampuchea and Afghanistan. A similar effort is being made to calm down the ruffled tempers of Iraq and Iran, while letting the OAU tackle the Chad and Western Sahara problems.

Lost opportunity: The Vietnamese

Government, unfortunately, has not made India's task any easier by linking its offer of troop withdrawals in phases spread over a long period with evidence of Chinese good conduct. It has lost a golden opportunity to shift the focus from the relative claims of the two rival regimes of Kampuchea to attend the Delhi summit to the more fundamental issue of an overall political settlement.

Hard bargaining: There is going to be some hard bargaining over the wording and, in a few cases over the content, of the formulations dealing with different issues in the draft declarations. The non-aligned tradition however, is to voice one's difference but not press them to the point of weakening the movement.

And the general feeling is that this summit also will end up with a demonstration of its basic unity despite diversity as a heterogeneous but universal movement representing more than one half of the human race and upholding certain fundamental principles.

CSO: 4600/1848

INDIAN SPOKESMAN COMMENTS ON ZIA NONALIGNED SPEECH

Calcutta THE STATESMAN in English 10 Mar 83 pp 1, 9

[Text]

NEW DELHI, March 9.—The 17-word reference to Kashmir by General Zia-ul-Haq in his address to the plenary session of the non-aligned summit here today brought forth a quick, though subdued, Indian reaction.

An Indian spokesman told reporters here today that General Zia was well within his rights to speak on any matter of concern to him. But so far as India was concerned, the only unresolved part of the Kashmir issue was the restoration to India of the Pakistan-occupied areas of the State. He also added that India continued to stand by its commitment to the letter and spirit of the Simla accord, which required the two countries to solve all unresolved issues bilaterally.

The Pakistan President's reference to the Kashmir issue—mild though it was—took the Indians by surprise. Considering the heat that was generated following a similar reference to the issue by Pakistan at the Islamic conference and later at Geneva during the meetings of the Human Rights Commission, the expectation obviously was that Gen. Zia would refrain from referring to the issue, which would only exacerbate feelings.

But the Pakistanis obviously were guided by their desire not to be bound to any position that would for all times prevent them from agitating over the issue at any forum other than at the bilateral level. One of the points which has held up progress in the two countries going ahead with a non-aggression pact or treaty of friendship, and cooperation has been the Pakistani determination not to be restricted to "bilateralism". In other words, Pakistan does not want to foreclose the option of raising the issue at other forums or to refer it to a third party.

Viewed in the context of the Indian insistence that the two countries must solve all their outstanding problems bilaterally, the Pakistan President's reference to Kashmir could be deemed to be a set-back on the even of the two countries signing the proposed agreement to set up a joint com-

mission and a proposed meeting between Mrs Gandhi and Gen. Zia slated for tomorrow.

A Pakistani source, however, saw nothing exceptionable in Gen. Zia's reference to the issue. "If you read the whole paragraph together", he said, "you will find it is nothing but the Simla agreement that he was talking about". The Pakistanis cannot understand why India should be agitated over a very mild reference to the question.

The relevant paragraph of Gen. Zia's speech reads:

"Our two countries must break the shackles of doubt. Suspicion had prevented them in the past from developing close amicable relations. Let us devote our energies to building bridges of understanding. Let not the past cast its shadow on the future. With trust and confidence in each other, we can raise ourselves to new heights of good neighbourly relations. This would also accord with the hope and desire of our peoples to forge an enduring relationship based on sovereign equality, national independence, non-interference and mutual goodwill.

"In the same spirit, we should find a just solution of the problem of Jammu and Kashmir".

The Pakistani President could not have been friendlier than this, the Pakistani source said. He was only making a passing reference against a well-defined backdrop.

The Pakistanis obviously see nothing wrong with this formulation. The Indians on the other hand feel that Gen. Zia could have avoided the reference, since he had yet to meet the Prime Minister. He could well have raised the issue with her. In the opinion of these sources, it was an obvious attempt to embarrass the host country—which clearly is not Pakistan's interpretation.

A highly placed Indian source was loath to accept the Pakistani effort to underplay Gen. Zia's reference. "Why could not he have discussed the issue with the Prime Minister? This is of a piece with Mr Aga Shahi's (the former Pakistan Foreign Minister) performance here on his last visit, when he sprang a similar surprise at the Foreign Minister's banquet to him", the source said.

FOREIGN MINISTER INTERVIEWED ON NONALIGNMENT

New Delhi PATRIOT in English 6 Mar 83 p 5

[Text]

EXTERNAL Affairs Minister P V Narasimha Rao on Saturday said he had no doubt that since non-alignment really implied independence, peace and cooperation, it was bound to go from strength to strength, reports PTI.

"Its triumph is assured" he added in an interview to All India Radio for the feature titled "Non-alignment—a charter of hope".

No other movement had done so much in so short a time, Mr Rao said, the success of the movement consisting not only of what it had achieved, but even in a larger measure, in what it had averted.

This latter component being essentially intangible and speculative, one would naturally need both imagination and objectivity to assess it accurately, he added.

The External Affairs Minister said non-alignment was no longer on probation. It had come to stay, for the simple reason that it had fulfilled a genuinely felt need the world over.

It had contributed in no small measure to the climate of peace, mainly by underscoring with undiminished tenacity, the need for peaceful co-existence and international cooperation, he said.

At a time when the greatness of nations was measured, consciously or sub-consciously, by the destructive power of their military outfits, the non-aligned movement virtually reversed this trend of thinking.

It had brought about a transformation in values, thus giving

all countries, big and small, weak and strong, a status of sovereign equality and forcing the cult of armaments and all that goes with it, to a defensive position, Mr Rao said.

By refusing to give bases to great powers, the non-aligned had averted what would otherwise have been eye-ball to eye-ball chains of confrontation by now, the Minister said.

To the newly emancipated countries that were still under fear and trepidation of their erstwhile colonial masters, the non-aligned movement had given the much needed moral and political sustenance and the tremendous morale which the secure company of the majority of mankind naturally afforded.

In the comity of nations, the non-aligned movement had given a loud and clear voice to the dumb by expressing candid opinions on every issue of importance, without fear or favour, affection or ill-will, Mr Rao said.

It had never acted with malice, yet it had never hesitated to tell the truth, even when truth was known to hurt the powerful, he added.

In the sphere of international economic relations, Mr Rao said, the movement had created a timely stir which had been found unpalatable to the exploiting few.

But this, he was sure, would ultimately result in the good of mankind as a whole by ushering in a new economic order based on justice and mutual benefit.

CSO: 4600/1857

ANALYST COMMENTS ON INDIAN DIRECTION OF NONALIGNED

Madras THE HINDU in English 9 Mar 83 p 9

[Article by G. K. Reddy]

[Text] NEW DELHI, March 8--As chairman of the non-aligned movement for the next three years, India proposes to take a series of steps both in the political and economic spheres to pursue vigorously the many themes articulated at this summit to give the community a new sense of identity and faith in their affinity with a well coordinated action programme.

The intention is not to adopt a confrontationist policy with the affluent societies but campaign relentlessly for a greater inter-dependence based on equality and justice, so that the rich and poor nations can co-exist without any basic clash of purpose or conflict of interest.

First of all, a new division or department is to be set up in the External Affairs Ministry, staffed by experienced officials well acquainted with the problems of the non-aligned community, to maintain close contacts with the member countries, organise periodic meetings at different levels, prepare documentation on various subjects and give the members a greater sense of preparation in the pursuit of their basic objectives. But at the same time due care will be taken to avoid the impression that India is seeking to institutionalise the movement or attempting to usurp the leadership under the guise of reactivating it.

The whole emphasis hereafter will be on thorough discussion and frank exchange of views on every subject to establish the right traditions for full internal debate on each issue, before engaging in any negotiations with the big powers on global problems to assert their collective opinion. As a heterogenous movement, the non-aligned community cannot aim at unity amounting to uniformity, but it cannot afford either to let its diversity manifest itself as divergence.

A certain amount of basic thinking has been done even before the summit on how India should conduct itself as chairman to restore the missing sense of direction, without giving the impression of assigning any special role to itself by virtue of its own size and importance. Due care is being taken to impress on the member countries that there is no contradiction between their collective

commitment to non-alignment and legitimate concern for their respective national interests.

At the political level, India will try to encourage a meaningful dialogue among countries of various regions to resolve their differences themselves without involving the rest of the non-aligned community in their disputes. But when they are unable to do so and their disputes erupt into conflicts, the non-aligned community should be able to lend a helping hand in settling them.

In the international sphere, there should be closer cooperation among the non-aligned countries in dealing collectively with issues like disarmament, security and peace or interference, intervention and subversion. If the community is able to evolve and respect its own ground rules for coping with such situations, it should be possible to avert the kind of conflicts that have erupted in Asia, Africa and Latin America without or without foreign instigation.

As a starting point for this ambitious effort, the Prime Minister, Mrs. Indira Gandhi, has come forward with a suggestion for strengthening the United Nations, an idea that has been whole-heartedly echoed by the Secretary-General, Mr. Javier Perez de Cuellar, who has gone one step further in pleading that the Security Council should be enabled to play a more effective role in resolving international disputes. She has also proposed that the next session of the U.N. General Assembly should be held at the level of Heads of State or Government to review the functioning of the world organisation.

If the non-aligned community could use its majority in the U.N. with a positive purpose, it would be able to mobilise world opinion and compel the big powers to fall in line on issues like Namibia and Palestine, to make South Africa and Israel behave better or face the consequences. It is with this objective in view that India intends to press at an appropriate stage for restructuring the United Nations to dispense with the tyranny of one-vote veto by increasing the number of permanent members and prescribing a minimum figure of negative votes as a built-in check against the misuse of this power for blocking decisions.

It is in the economic sphere that India will be making the first moves to step up the pressures for global negotiations for revamping the present inequitous international system. The plea for a conference on money and finance for development is only the first step in this ambitious bid to persuade and pressure the big powers to take a fresh look at the debt problem, provide money for food and energy, revise commodity prices, abandon protectionism, remove trade imbalances and promote development.

A great advantage India has in providing the necessary expertise, or pooling the available talent within the non-aligned community, is that the complex negotiations which it has been carrying on with the IMF, World Bank, EEC and other agencies to secure its national interests are basically no different from what the Third World as a whole would like to do to open the way for a more equitable international economic dispensation.

And the big powers, too, might find it more convenient to negotiate with India and through India at these two levels, since as a country accounting for more than one-third of the total population of the non-aligned community, it is adequately qualified to discharge this dual role with knowledge and competence.

CSO: 4600/1862

MOHIT SEN CENSURED FOR ARTICLE ON ULANOVSKIY

New Delhi PATRIOT in English 2 Mar 83 pp 1, 7

[Text]

CPI Central Executive Committee member and well-known intellectual Mohit Sen has been publicly censured by the party leadership for writing articles which "violated the CPI line".

CPI general-secretary C Rajeswara Rao told newsmen on Tuesday that Mr Sen had been censured for his articles in 'Link' weekly and 'Mainstream'.

The resolution to censure Mr Sen was taken at the party's CEC meeting in New Delhi on 25-28 February.

Though Mr Rao did not specify the articles, it is understood that these are a review of Soviet academician Prof R A Ulyanovsky's book on Comintern and the East headlined 'A great Marxist contribution', a travelogue of Mr Sen's recent visit to the USSR entitled 'Communist Traveller in Soviet Union', and an article 'Nehru Course and the Left'.

Mr Rajeswara Rao alleged that Mr Sen was 'soft towards Mrs Gandhi'.

This is the second time that a CPI leader has been publicly censured by the party leadership. In 1959 the party's National Council publicly censured Mr S A Dange for having criticised the Chinese leaders for provoking border clashes with India. Later, however, the CPI reached the conclusion that China was in the wrong at that time and thus Mr Dange was vindicated.

The resolution on Mr Sen's censure reads: "Having considered the articles written by Com Mohit Sen in some non-party journals; having heard Com Mohit Sen on the question; the CEC has come to the conclusion that these articles violate the accepted line of the party; the CEC disapproves Com Mohit Sen's conduct and decides to censure him publicly."

CSO: 4600/1850

CONGRESS-I POLICY ON CHIEF MINISTERS TOLD

Bombay THE TIMES OF INDIA in English 3 Mar 83 p 1

[Article by Subhash Kirpekar]

[Text] NEW DELHI, March 2--THE national leadership of the Congress (I) has decided that none of its chief ministers will be disturbed now. This policy decision has been taken keeping in view the fact that assembly and parliamentary elections are to be held in 1985.

At the same time, the chief ministers have been advised to respond positively to the genuine problems brought to their notice by party legislators. This attitude, it is felt here, will help keep the party together and quell dissidence.

Yet another important decision taken by the party leadership is that AICC (I) general secretaries will visit the states allotted to them from time to time to ensure that dissidents do not have to come to Delhi to ventilate their grievances.

Concerned over the convergence of dissidents from Bihar, Gujarat, Orissa, Rajasthan and Madhya Pradesh on new Delhi in recent weeks, the party leadership issued a directive recently that groups opposed to the state leadership should not publicise their fight by meeting central leaders here and then telling the press about their mission.

The directive was intended to prevent dissidents from projecting the image that the party was riven with factionalism and that most chief ministers deserved to quit at the earliest.

Confirming these party decisions today, the AICC (I) general secretary, Dr. (Mrs.) Rajendra Kumari Bajpai, said the whole effort was to run the party affairs smoothly and harmoniously to gain public confidence.

Stating that she had briefed the Prime Minister, Mrs. Indira Gandhi, on her return from Jaipur today about the developments in Rajasthan, Dr. Bajpai said she had not gone there to bring about a change in leadership of the state. "There is no such thing about changing the chief ministers," she remarked.

Dr. Bajpai, who addressed a meeting of the Rajasthan Congress (I) legislature party, said she had counselled all legislators to maintain discipline and unity. She had also urged them to refrain from going to the press with their grievances and advised them to express their feelings in party meetings.

Jaipur Meeting

The budget session of the assembly was due to be held in the state and she sought their co-operation and solidarity, she said.

Recalling that the last meeting of the Rajasthan CLP (I) was "stormy", Dr. Bajpai said today's meeting went off smoothly and in a cordial atmosphere. Everyone was present, she said, including the two former chief ministers, Mr. K. R. D. Joshi and Mr. Jagannath Pahadia.

Dr. Bajpai said she had heard most of the grievances and complaints that some members of the CLP (I) had against the chief minister. Asked if any of them were of a serious nature, she replied in the negative.

She had also advised the partymen not to visit Delhi to campaign against the chief minister as this would serve no purpose. Dr. Bajpai, who is in-charge of Rajasthan affairs, said she would be visiting Jaipur on and off.

What about the grievances of the legislators? "We have heard them and they should leave the matter to us. They should not create trouble," she said. It had been made clear to all that "indiscipline will not be tolerated".

In the context of what Dr. Bajpai has said today, it stands to reason that what is good for Rajasthan will also be good for the other faction-ridden states like Bihar, Gujarat, Orissa and Madhya Pradesh.

CSO: 4600/1851

JANATA-RANGA SPLIT FORMALIZED IN KARNATAKA

New Delhi PATRIOT in English 3 Mar 83 p 5

[Text]

BANGALORE, March 2 (UNI)
 —The ruling Janata Party in Karnataka split today with the emergence of a nine-member Karnataka Kranti Ranga group led by Mr S Bangarappa, in the State Assembly.

With this, the strength of the Janata Party, which fought the January Assembly election in Association with the Kranti Ranga, came down to 87 in the 224 member house.

While the Kranti Ranga group claimed that 32 Janata MLAs were its members, there was, however, no immediate threat to the Ramakrishna Hegde Government as the group decided to extend conditional support to it. The Janata Government also has the support of the BJP (18), the CPI (three), CPM (three) and 14 Independents.

Immediately after the poll, it was announced that the party had merged in the Janata Party. Supporters of Mr Bangarappa, who was an unsuccessful contender for chief ministership, later disputed the merger announcement.

A general body meeting of the Ranga, which decided to break away from the Janata Party, unanimously elected Mr

Bangarappa as party president in place of Mr Abdul Nazeer Sab, State Panchayat Minister and Mr Ramachandra as Chairman Parliamentary Board in place of Mr B Rachaiah.

The general body decided that group should support all the "welfare measures" of the Hegde Government.

It 'expelled' Mr Nazer Sab, Mr B Rachaiah and Mr J H Patel also a ministers in the Hegde Government.

The party decided to contest the coming Municipal elections in the State.

It called upon all party legislators to declare their loyalty to the Kranti Ranga. It was stated that if they failed to do so, they would have to 'face protest from the party workers.'

Meanwhile, State Janata unit president, S R Bommai told newsmen that as per election law, all those, including Ranga members, who contested under the Janata symbol were members of the Janata Party, says PTI.

Mr Bommai, therefore, claimed Mr Bangarappa and other Ranga MLAs continued to be members of the party.

Chief Minister Ramakrishna Hegde refused to comment on the Kranti Ranga decision.

CSO: 4600/1854

PAPER REPORTS FINANCE MINISTER'S BUDGET SPEECH, REACTION

Presentation of Budget

Madras THE HINDU in English 1 Mar 83 p 6

[Text]



NEW DELHI, Feb. 28.

The following is the text of the Finance Minister's budget speech:
I rise to present the budget for the year 1983-84.

The economic survey for 1982-83, placed before the House a few days ago, has given a detailed account of the trends in Indian economy during the current year. I shall, therefore, be brief in reviewing the economic situation.

A drought year is always a difficult one for the economy. The decline in agricultural production that the drought entails has an effect which goes beyond the rural sector. The drop in the purchasing power of our farmers exerts a deflationary influence on industry. The drought also affects power generation and has an adverse impact on the external payments. It reduces the resource base and, at the same time, it calls for an increase in relief expenditure. The performance of the Indian economy in the year that is ending has to be viewed against this background.

Resilience of economy

That we have come through it without too much damage to our productive structure and achieved remarkable success in containing price inflation is a tribute to the resilience of our economy. It also demonstrates the effectiveness of our policies of continued demand restraint and judicious supply management.

Although the growth in gross domestic production this year will be lower than it has been in the two previous years, we will achieve an average growth rate of nearly five per cent over the three years, which is close to the target we set for ourselves in the Plan. At the same time, we have been able to maintain the tempo of investment. In other words, serious as has been the impact of drought, I believe we have not allowed it to affect the pace of development.

Let me now recapitulate the main highlights of the economic situation in 1982-83. On a point-to-point basis, the increase in the wholesale prices in the last week of January was three per cent compared with the annual rate of inflation of 5.7 per cent at the same time last year. The annual rate of increase in the consumer price index, as of December 1982, was also significantly lower at eight per cent as against 12.7 per cent in December 1981. The lower rate of inflation this year is particularly noteworthy considering that the wholesale prices had increased on an

average by 2.4 per cent per month in June and July 1982 because of speculative pressures generated by the delay in the monsoon. However, as a result of an appropriate mix of demand and supply management policies, the situation was speedily brought under control.

Flexible monetary policy

Monetary policy continued to be deployed flexibly. The emphasis was on the need for restraint while, at the same time, it sought to meet productive requirements for credit. On the supply side, action was taken to build up stocks and improve availability of foodgrains through timely imports. Procurement efforts were stepped up so that the impact of a fall in the kharif output on stocks of foodgrains could be minimised. Higher releases of sugar and edible oils were also arranged. These and other supply management policies contributed significantly to the dampening of inflationary pressures after August 1982.

As I have so often emphasised in this House in respect of the price situation, there can be no room for complacency. The supply and demand situation in respect of sensitive commodities remains in a delicate balance. While we have successfully weathered the immediate impact of the drought, we must remember that its effects are likely to be spread over a longer period than one season or one year. The international situation continues to be full of uncertainty and should there be a resurgence of inflation abroad, particularly in respect of commodities that we import, it could easily disturb our domestic price situation. We must also remain vigilant against anti-social elements, hoarders and blackmarketeers.

Foodgrain production

The kharif foodgrains production will be lower than last year because of adverse weather conditions. The indications, however, are that the rabi production may be somewhat better than last year. The output of cotton is likely to be close to the level of last year while some decrease is expected in sugarcane and jute production. The target of 2.35 million hectares for increase in the irrigation potential in 1982-83 is likely to be achieved. While the agricultural sector continues to be influenced by the vagaries of the weather, over the long run, we have been able to increase the output significantly and to reduce the disruptive effects of a drought on the

economy. This has demonstrated the basic soundness of our agricultural strategy of extending the irrigated areas, encouraging the use of fertilizers and high-yielding varieties, widening the credit network and ensuring fair and remunerative producer prices for the major crop.

Industrial output

Industrial production increased by 8.6 per cent in 1981-82. In the current year, the increase is likely to be about 4.5 per cent. For the period, April to December 1982, impressive increases were recorded in respect of critical industries, such as crude petroleum, which increased by 30.6 per cent, cement (10.2 per cent), fertilisers (9.6 per cent), and power generation (7.2 per cent). It is particularly heartening that thermal generation has shown substantial improvement and the plant load factor of thermal plants has also improved from 45.9 per cent during April-December 1981 to 47.6 per cent this year. Sugar production is expected to be close to the record level of last year. The overall rate of growth in industrial production was, however, adversely affected by a sharp drop in output of cotton cloth and yarn. Certain other sectors of industry also showed relatively low rates of growth because of the slack demand or factors such as power constraints, particularly in areas dependent on hydro-electricity.

Corporate saving must go up

Over the last 30 years, significant progress has been made in expanding and diversifying our industrial structure. The investment climate is highly favourable and capital issues during the year have reached a record level. However, in order to accelerate and sustain a higher growth rate of production, it is essential that the corporate sector should pay greater attention to improving its own rate of savings by better utilisation of capacity and economy in conspicuous and wasteful expenditure. If the increasing requirements of funds for investment are to be adequately met, the corporate sector must learn to look towards a larger volume of internal generation of resources. Borrowing can only supplement and not substitute corporate savings.

It is also essential to improve the productivity of past investments and reduce costs. Capital costs in the economy have increased, and due to the delay in the implementation of projects, there is a decline in the returns that the community can legitimately expect from its investments. In respect of the public sector, the Government has initiated steps to monitor closely project implementation and operational efficiency. As hon'ble members are aware, there has been a marked improvement in the working of many public sector enterprises though some units continue to face problems. Net profits of public sector units in the first nine months of this year increased to about Rs. 360 crores compared with Rs. 134 crores during the same period last year.

The process of building up the financial infrastructure continues apace. The banking system has been extending its coverage to the rural areas, more rural banks have been opened and the National Bank for Agriculture and Rural Development has commenced operations. All this would help to extend further the benefits of the institutional credit to the rural sector. Considerable progress has also been achieved in extending insurance to rural areas.

In the past few years, our balance of payments situation has been a matter of concern. In my budget speech last year, I had taken the opportunity to indicate the Government's strategy for restoring the viability in our balance of payments in the medium term. Briefly, the main elements of the strategy are to accelerate the pace of import substitution in critical sectors such as oil and fertilizers, to increase exports, and to improve the facilities available for remittances and investments by non-residents of Indian origin. The House would be happy to know that we have achieved considerable success in implementing this strategy.

The substantial increases in domestic production of petroleum and fertilizers have enabled us to reduce our dependence on imports of these items in the current year. Imports of steel, non-ferrous metals, and several other items have also been lower. Import policy has sought to combine the objective of reducing the growth of imports with the need to continue the liberal access to raw materials and capital goods for priority sectors. Tariff policies are being effectively used to provide further protection to indigenous industries, wherever appropriate.

Export growth

Exports, which increased by 16 per cent in 1981-82, have shown a further growth of 18 per cent in the first seven months of 1982-83. This is a good performance considering the uncongenial external environment marked by rising protectionism, demand recession and near-stagnation in world trade. The trade deficit is likely to be lower in 1982-83. The rate of decline in our reserves, excluding the International Monetary Fund transactions, has also come down and has averaged Rs. 91 crores per month in this financial year up to the end of January 1982 compared with Rs. 175 crores per month during 1981-82.

Our balance of payments adjustment has, however, been made more difficult by an unfavourable international environment characterised by lack of political will in industrialised countries for economic cooperation. It is necessary that in association with the developing and other non-aligned countries, we continue to work for basic reform in the international financial and trading system. India also has had to bear a disproportionate reduction in its share of concessional flows. In this situation, while recourse to a certain amount of commercial loans is unavoidable, we have to be extremely circumspect in relying upon this source as a means of financing current account deficits.

Hon'ble members are aware of the geopolitical situation in the region and the increasing burden cast upon us because of the threat to our national security. No sacrifice is too great where the nation's security is concerned. At the same time, we cannot afford to slacken the development effort however onerous the task may be, as in the ultimate analysis, the nation's security rests on economic strength. Despite a difficult resources situation, I am happy to inform the House that we were able to achieve a substantial step-up in the Plan outlay in 1982-83. The need for further economy and efficiency in the use of resources can hardly be over-emphasised. We must also continue to press ahead with additional resource mobilisation in a non-inflationary way.

Fillip to Savings

2

Fiscal policy has an important role to play in the task of harnessing the nation's resources. In addition to appropriate adjustments in tax rates, the necessary administrative and legal measures are being taken to ensure that all sections of the community pay their taxes promptly. Government is determined to plug avenues for tax evasion and avoidance, and to continue the fight against economic offences.

Raising the living standards of our people is possible only through a progressive increase in savings and productivity. The Indian people, we must gratefully acknowledge, have set standards of saving levels remarkable for a low-income country. It is, however, essential that these savings are invested in assets which add to the productive capacity and which directly benefit the people.

In the past three years, several steps have been taken to encourage the savings habit. The interest rate mechanism and the fiscal instrument have been used to provide an attractive return on savings in the form of financial assets. In line with the decision to raise the interest rate on five-year bank deposits, announced in October last year, it has been decided to increase the rate of interest on five-year post office time-deposits and recurring deposits from 10.5 per cent to 11.5 per cent per annum. Similarly, I propose to increase the rate of interest by one per cent on special deposits of Employees Provident Fund and other non-Government provident, gratuity and superannuation funds. The improvement in the rate of return of these deposits would benefit workers and small savers.

I also propose to liberalise the Public Provident Fund scheme which has become increasingly popular among the self-employed and others. Subscribers will be allowed to continue their accounts beyond 15 years. The limit for the annual subscription is also being raised to Rs. 40,000.

Interest rate ceiling

In the light of the changes that have taken place in the monetary and economic situation in the last two years, the Government, in consultation with the Reserve Bank of India, has reviewed the interest rates on advances by commercial banks. It has been decided to reduce the ceiling rate of interest from 19.5 per cent 18 per cent. The structure of interest rates is also being adjusted downwards for the benefit of agriculture, small-scale industry and exports. A separate announcement in this respect is being made by the Reserve Bank of India.

The Government has provided liberal incentives for attracting remittances and investments by non-residents of Indian origin. In the light of experience, it has been decided to improve further the facilities available to non-residents. Last year I had announced certain important concessions in respect of subscriptions by non-residents to the six-year National Savings Certificates which carry interest at 12 per cent per annum. In order to further improve their yield, I propose to allow an additional interest of one per cent on these certificates if these are subscribed for in foreign exchange. I also have some other important proposals to which I shall refer later. I am sure that the House will agree with me that our policy framework meets the requirements of non-residents and that we can look forward to further strengthening of the bonds that exist between them and this country.

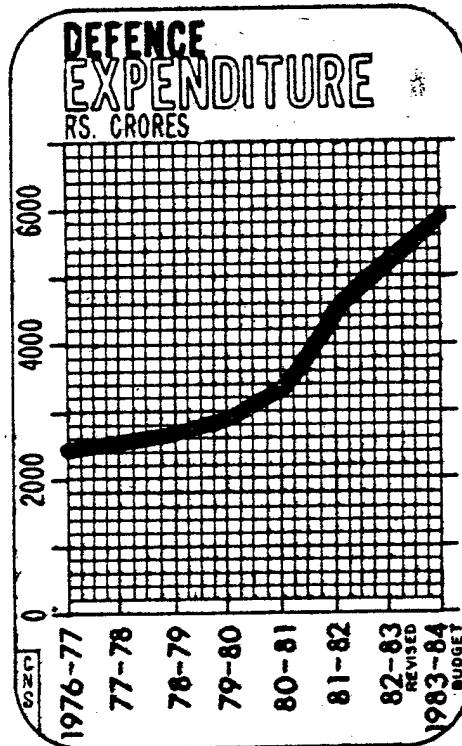
Revised Estimates for 1982-83

I shall now turn to the Revised Estimates for 1982-83 and the Budget Estimates for 1983-84.

The budget estimates for the total expenditure in 1982-83 was Rs. 29,219 crores of which Rs. 11,345 crores was on Plan account and Rs. 17,874 crores on non-Plan account. As the year progressed, it became evident that we would need to enhance both these broad categories of expenditure. Despite the strains imposed on the economy by natural calamities, it has been our endeavour that outlays in respect of long-term development should not be allowed to suffer. One of my highest priorities, therefore, has been to protect the Plan and, in the result, the Revised Estimates for Central Plan outlay are Rs. 603 crores higher than those originally budgeted.

Railways outlay up

Railway plan outlay has been increased by Rs. 195 crores, of which budgetary support will account for Rs. 105 crores. The budgetary support for the power sector will go up by Rs. 62 crores, while assistance to the National Bank for Agriculture and Rural Development has been increased by Rs. 100 crores. The outlays for schemes of family welfare have been enhanced by Rs. 50 crores. Plan pro-



visions for rural water supply, agriculture and cooperation have also been stepped up while the budgetary support for the Posts and Telegraphs plan has been increased by Rs. 75 crores owing, in this case, to a shortfall in internal resources. As against these increases, some reductions are expected in relation to Budget Estimates of Plan expenditure in a few sectors. Overall, the budgetary support for the Central Plan is estimated to go up by Rs. 262 crores to Rs. 7605 crores.

Aid for State Plans

The Central assistance for State and Union Territory plans is also being stepped up by Rs. 360 crores, of which, Rs. 350 crores is the additional advance Plan assistance to States which have been affected by drought.

Non-Plan expenditure will also be higher in the current year due to several factors. Non-Plan grants to States will be higher by Rs. 214 crores mainly due to additional assistance of Rs. 147 crore for States affected by floods, cyclones and other natural calamities. Similarly, reflecting the buoyancy in small savings collections, non-Plan loans to States on this account will be higher by Rs. 200 crores. Non-Plan loans for agricultural inputs have also been increased by Rs. 50 crores. The subsidy for indigenous fertilizers will go up by Rs. 200 crores. Additional loans of Rs. 208 crores are required for certain public sector undertakings to enable them meet their cash losses and interest and repayment obligations to the Government.

The provision for Defence expenditure will be higher by Rs. 250 crores. To meet the temporary imbalance in the trade covered by rupee trade agreements, the provision for technical credits has to be increased to Rs. 1,280 crores. The increase in technical credits has been due to temporary and exceptional circumstances, and will be largely reversed during the year. Hon'ble members will appreciate that in a year of weak global demand, our long-standing trading relationship with the socialist countries has been an important element in providing a measure of stability to our export sector.

Non-Plan expenditure

Excluding the loans of Rs. 1,743 crores to the States, to which I shall refer later, the total non-Plan expenditure is likely to go up from Rs. 17,874 crores to Rs. 20,511 crores.

Coming to receipts, as I mentioned at the beginning, the drought inevitably affects the income and resource base of the economy. Despite these adverse effects, the budget estimates of receipts from income tax and customs duties are expected to be realised. However, receipts from Union Excise duties may show a shortfall of Rs. 220 crores. Apart from the impact of a lower growth in industrial production, there has been locking up of some revenues due to pending litigation. Some shortfall in corporation tax is also anticipated. The Centre's net tax revenue after paying the States' share of taxes, is estimated at Rs. 13,271 crores as against the budget estimate of Rs. 13,362 crores.

Budgetary deficit

Non-tax revenue, is however, expected to show an improvement of Rs. 613 crores mainly due to larger dividend payment by the Railways, larger receipts from some public sector units, recovery from the Indian Dairy Corporation of the value of gift materials supplied to it earlier and larger external grants.

Capital receipts are also estimated to go up from Rs. 10,249 crores to Rs. 12,446 crores. Receipts from market loans are estimated at Rs. 3,800 crores against the Budget Estimates of Rs. 3,200 crores. As mentioned earlier, the recovery of technical credits will also go up to Rs. 1,080 crores. The receipts from small savings are estimated to go up by Rs. 150 crores.

The total receipts are thus estimated to go up from Rs. 27,844 crores to Rs. 30,563 crores.

Taking into account the above and other variations in receipts and expenditure, the budgetary deficit in the current year is now estimated at Rs. 1,935 crores. This excludes the special loan assistance to States of Rs. 1,743 crores, which does not have any economic impact in the current year. The larger deficit over budget estimates in the current year has to be viewed against the background of weak demand in certain sectors of the economy. That it has not had a destabilising effect on the economy has been demonstrated by the price behaviour in recent

months.

Reordering priorities

In framing the next year's budget, Mr. Speaker, Sir, my aim has been to provide for a large increase in the Plan outlay so that the pace of development, which we have assiduously built up is not retarded. Even this increase, I am acutely aware, cannot be expected to fully meet the demand from various sectors, however pressing they may seem. Some reordering of priorities among different objectives and sectors have, therefore, become necessary.

Relief Assistance

3 I propose to increase the Central Plan outlay to Rs. 13,870 crores in 1983-84 inclusive of a special allocation of Rs. 300 crores to which I shall refer later.

This constitutes an increase of 26.1 per cent over the Plan outlay of Rs. 11,000 crores in the budget estimates for 1982-83. Coming on top of an increase of 27.6 per cent provided in the budget for 1982-83, the proposed increase would enable us to meet our urgent requirements in critical sectors of the economy, and also provide a special thrust in respect of the programmes meant for the welfare of the weaker sections of the society. The Central Plan will be financed by a budgetary support of Rs. 8,390 crores and internal and extra-budgetary resources of Rs. 5,480 crores.

States' finances

Hon'ble members are aware that the finances of several States have been under severe strain for some time. While the need for fiscal discipline cannot be over-emphasised, an important objective of the Central Government has been to ensure that despite resource constraints, the State Plans also show a reasonable order of increase. Hon'ble members would recall that in June 1982, I decided to clear the States' closing deficits of the previous year with a medium-term loan of Rs. 1,743 crores. I did so to help the States to readjust their finances and achieve an adequate investment in their Plans. In the current year, the Centre has provided nearly Rs. 700 crores of assistance to States for drought and flood relief. Further, we have decided to increase Central assistance to States in the next two years by Rs. 1,650 crores over the balance available in the originally approved level. This will augment the resources of the States. The States have responded by agreeing to enhance their resource mobilisation efforts.

Annual plan outlay

The total Plan outlay for 1983-84 of the States and Union Territories is now placed at Rs. 11,625 crores. This represents an increase of 16.4 per cent over the finally approved outlay of Rs. 9,989 crores in 1982-83, the highest increase so far in the current Plan period. Central assistance for the plan of the States and Union Territories will be Rs. 4,462 crores.

Taken together, the Plan outlays of the Centre, States and Union Territories for 1983-84 will be Rs. 25,495 crores, an increase of 21.5 per cent over the finally approved outlay of Rs. 20,989 crores in 1982-83.

Schemes for the poor

In formulating the 1983-84 plan, our primary concern has been to provide maximum support to those projects and programmes which can be of immediate benefit to the economy and especially to the weaker sections of the society. The outlays for the revised

20-point programme have been enhanced and a special thrust is being given to the programmes that benefit the poor directly.

I have also taken the somewhat unconventional step of providing an additional Rs. 300 crores over and above the Rs. 13,570 crores set apart specifically for the various schemes in the next year's Central Plan. This amount will be provided as grants to the States on the basis of their better performance in implementing specific programmes. These programmes will benefit the weaker sections of the community and improve the functioning of the State Electricity Boards. The cooperation of the States is essential and, wherever appropriate, the guidelines to be issued would provide for matching contributions by them.

Incentive to Power Boards

Out of this allocation, I am earmarking Rs. 125 crores to assist small and marginal farmers to improve the productivity of their land. My colleague, the Minister of Agriculture, will be announcing the details of the scheme.

Another Rs. 125 crores would be distributed among the States on the basis of their performance in implementing programmes in identified areas of high priority, which the Government will announce later. The assistance for these purposes would be made available only to those States which demonstrate their capacity to achieve targets over and above those implied in their approved Plans.

I have had occasions in the past to underline the importance of obtaining the maximum returns out of the existing investments. The need for increasing the plant load factor in thermal power stations cannot be overemphasised. I, therefore, propose to set apart the balance of Rs. 50 crores out of Rs. 300 crores for incentive payments to the State Electricity Boards for better performance. Most of the State Electricity Boards achieved their peak plant load factor during

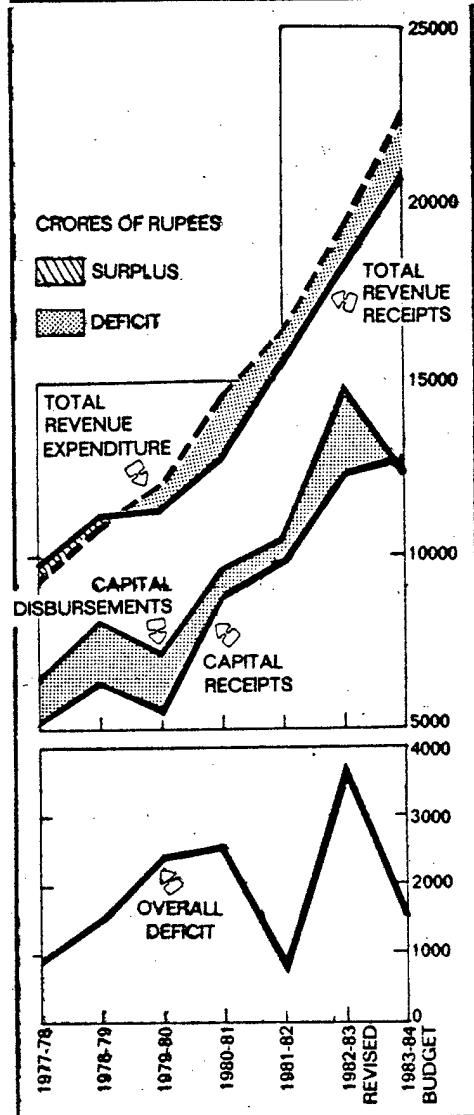
the years 1975-77. Unfortunately, their recent performance has fallen far short of these levels. I hope that this incentive would encourage the State Electricity Boards to reach and even surpass their earlier peaks.

Apart from the above special allocation, the outlay for the 20-point programme in the Central sector Plan for 1983-84 is Rs. 2,747 crores representing an increase of 26.8 per cent over the outlay in the current year's plan. The provision for these schemes in the approved Plan outlay of the States and the Union Territories for 1983-84 will be Rs. 7,332 crores. Hon'ble members will be happy to know that the total provision for the 20-point programme next year will thus exceed Rs. 10,000 crores.

Next year's programme also provided a high priority to agricultural development. The total outlay for this sector is Rs. 608 crores. This includes Rs. 200 crores for the National Bank for Agriculture and Rural Development. Two major programmes, one for oilseeds development and another for dryland farming, both important elements in the 20-point programme, will also be taken up for implementation in 1983-84. Further, a sum of Rs. 800 crores is being provided for agricultural programmes in the approved Plan outlay of the States and the Union Territories. The outlays for irrigation and flood control are also being stepped up to Rs. 116 crores in the Central Plan and Rs. 2,404 crores in the plans of the State and Union Territories.

The outlay for the National Rural Employment Programme, the Integrated Rural Development Programme (IRDP) and other schemes of the Ministry of Rural Development would be Rs. 480 crores in 1983-

Smaller overall deficit



84 against the likely expenditure of Rs. 419 crores in 1982-83. The IRDP will enable about three million families in the rural areas to cross the poverty line. The NREP will create about 350 million man-days of work in the rural areas. The provision for these programmes will be matched by the State Governments.

Water for villages

Hon'ble members are aware that the Government has launched a crash programme for providing drinking water facilities in all problem villages. The Plan outlay for 1982-83 visualised an allocation of Rs. 127.5 crores by the Centre for the accelerated rural water supply programme. Having regard to the progress on implementation, the outlay has now been increased to Rs. 155 crores. A substantially higher outlay of Rs. 200 crores has been provided for this programme in 1983-84. The States, on their part, will

be setting apart Rs. 319 crores and, in all, 48,000 more villages are expected to be covered in 1983-84.

Social welfare schemes

One of the important programmes benefiting children is the integrated child development services. With the higher target now set for the Sixth Plan, it is proposed to extend this scheme to 200 more projects in 1983-84 over and above the 620 projects so far covered. Over half the total provision of Rs. 60 crores for the Department of Social Welfare will be accounted for by this scheme.

An increased provision of Rs. 176 crores has been made in the Central Plan for 1983-84 for the various programmes benefiting the Scheduled Castes and Scheduled Tribes.

The family welfare programmes will be implemented with renewed vigour in 1983-84 and will cover 17 million persons. A sum of Rs. 330 crores is being provided for these programmes.

The Sixth Plan has placed considerable emphasis on accelerating investment in the energy sector. The total outlay for this sector covering petroleum, power and coal would be Rs. 5,014 crores, accounting for more than 36 per cent of the total Central Plan outlay. Crude oil production is expected to reach 21 million tonnes this year and increase further to around 26 million tonnes in 1983-84.

Outlay for power plans

Inclusive of the allocation for power development under atomic energy and coal, the total outlay for the various power programmes in 1983-84 in the Central Plan will be Rs. 1,222 crores, representing an increase of 31.5 per cent over that for 1982-83. The target for addition to the capacity in 1983-84 in the Central sector will be 1,050 MW double that of the current year.

The outlay for coal sector, including lignite, will be Rs. 946 crores in 1983-84. The target for production of coal is 142 million tonnes, nine million tonnes more than in the current year.

The provision for the various programmes of the Department of Steel in the Plan for 1983-84 is Rs. 820 crores. The Plan outlay of the Mines Department has been increased to Rs. 494 crores in 1983-84 compared to Rs. 292 crores in the current year's approved Plan outlay. This includes Rs. 365 crores for the Orissa aluminium project.

The revenue earning traffic to be carried by the Railways in 1983-84 is projected at 241 million tonnes, which is an increase of more than six per cent over the likely performance in 1982-83. The Plan outlay for the Railways in 1983-84 is Rs. 1,342 crores.

Energy Programmes

4

The traffic handled at the ports is expected to increase to 105 million tonnes in 1983-84 as against 95 million tonnes likely to be reached in 1982-83. Inclusive of a provision of Rs. 90 crores for the Nava Sheva project and Rs. 40 crores for investment in State Road Transport Corporations, a total outlay of Rs. 558 crores has been set apart for the Shipping and Transport Ministry in 1983-84.

An outlay of Rs. 429 crores has been provided for the various projects of the Ministry of Chemicals and Fertilizers. This includes Rs. 260 crores for the That-Vaishet fertilizer project. For the Hazira fertilizer project a provision of Rs. 145 crores has been made.

The total provision for the projects of the

Ministry of Industry in 1983-84 is Rs. 548 crores compared with Rs. 480 crores in the current year. Of this, the provision for small industries including KVIC and coir, is about Rs. 173 crores.

A provision of Rs. 72 crores has been made for the various Plan programmes of the Department of Science and Technology and the Council of Scientific and Industrial Research in 1983-84. The Government has recently set up a separate Department of Non-Conventional Energy Sources. The Programmes to be undertaken by this Department in 1983-84 would include *inter alia* establishment of 75,000 family size biogas units and 100 community biogas units. Inclusive of the provision of Rs. 18 crores for the biogas programme, an outlay of Rs. 30 crores has been set apart for this department in the Plan for 1983-84.

Mr. Speaker, it has been my effort to contain the growth in the non-Plan expenditure. However, increases in certain important sectors have been inevitable. Taking into account the requirements of the country's defence a provision of Rs. 5,971 crores has been made against Rs. 5,350 crores in the Revised Estimates for the current year. Due to the increase in borrowings which are mainly used for development purposes and also higher borrowing costs, the provision for interest is placed at Rs. 4,700 crores against Rs. 3,950 crores in the Revised Estimates for the current year. The provision for food subsidy at Rs. 800 crores will be higher by Rs. 90 crores compared with the Revised Estimates for the current year. The provision for subsidy on indigenous fertilizers is estimated to go up from Rs. 550 crores in the current year to Rs. 700 crores next year. A provision of Rs. 550 crores has been made for cash compensatory support and market development assistance for exports.

Relief to pensioners

The provision for technical credits under rupee-trade agreements is Rs. 600 crores next year as against Rs. 1,280 crores in the current year. A lump sum of Rs. 300 crores is being provided in 1983-84 for payment of additional instalments of dearness allowance, pension and other reliefs to the Central Government employees.

The House would recall that last year, I had announced certain enhanced benefits for low-paid pensioners. I propose to provide some additional relief to this category of pensioners. From April 1, 1983, the minimum amount of pension, including dearness allowance relief, will be raised to Rs. 160 per month and the minimum amount of family pension including dearness relief to Rs. 150 per month.

The total non-Plan expenditure in 1983-84 is estimated at Rs. 21,984 crores against Rs. 20,511 crores in the Revised Estimates for 1982-83.

New Pay Commission

At this point, I would like to refer to a matter concerning the Government employees. The employees had suggested some time ago that the Government may appoint a pay body for revising pay scales. The third Pay Commission was appointed in April 1970 and made its report in 1973. Since then, over the years, conditions have changed in several respects. The employment under the Central Government has grown steadily larger. Changes have also taken place in the relativities in the emoluments of the employees of the departments *inter se*, and also *vis-a-vis* other employees. For instance, several State Governments have, through Pay

Budget at a glance

	Accounts 1981-82	Budget estimate 1982-83	Revised estimates 1982-83	Budget estimates 1983-84
(In crores of Rupees)				
Tax revenue	11,513.01	13,362.83	13,271.22	14,875.97 (+) 615*
Non-tax revenue	4,001.18	4,232.40	4,845.82	5,134.07
Revenue receipts	15,574.19	17,595.27	18,117.04	20,010.04 (+) 615*
Revenue disbursements	16,260.80	18,227.29	19,414.99	22,418.87
Revenue deficit	686.61	632.02	1,297.95	1,793.83
CAPITAL RECEIPTS	9,841.60	10,249.38	12,445.62	12,575.98 (+) 80.00*
Capital disbursements	10,546.89	10,991.96	14,825.96**	12,417.16
Capital deficit or surplus	— 705.29	— 742.58	— 2,380.34**	+ 238.82
OVERALL DEFICIT	1,391.90	1,374.60	3,678.26**	1,555.01

* Effect of fresh taxation and bond issue.

** Includes taking over of State overdrafts as on March 31, 1982 for Rs. 1,743 crores.

Committees or Pay Commissions, substantially revised the pay scales and other benefits of their employees. The Government feels it would be appropriate now to appoint the fourth Central Pay Commission. Before the terms of reference of the Pay Commission are settled, the representatives of the employees would be consulted. The membership of the Commission together with the terms of reference will be announced as soon as possible.

So far as receipts in 1983-84 are concerned, the gross tax revenues at the existing rates of taxation are estimated at Rs. 19,964 crores compared with Rs. 17,910 crores in the Revised Estimates. The States' share of taxes in 1983-84 is estimated at Rs. 5,088 crores compared with Rs. 4,639 crores in the current year. The net tax revenue of the Centre will thus be Rs. 14,876 crores against Rs. 13,271 crores in the current year.

The receipts from market loans are placed at Rs.

4,000 crores compared with Rs. 3,800 crores in the current year. The recoveries of technical credits next year will be lower as the payments will also be less. Small savings collections are expected to yield Rs. 1,700 crores next year against Rs. 1,550 crores this year. External assistance, net external assistance, net of loan repayments, is estimated at Rs. 1,940 crores against Rs. 1,724 crores in the current year.

Overall budgetary gap

Taking into account these and other variations in receipts, the total receipts for 1983-84 are estimated at Rs. 32,586 crores. The receipts include the effect of the changes in fare and freight rates of the Railways and in the Posts and Telegraphs tariffs as well as the continuance of the compulsory deposit scheme for income-tax payers beyond March 31, 1983, to which I shall refer later. The total expenditure is placed at Rs. 34,836 crores. The overall budgetary gap at existing rates of taxation will thus be Rs. 2,250 crores.

Tax Proposals

Madras THE HINDU in English 1 Mar 83 pp 7, 11

[Text] Relief to Lower Incomes

NEW DELHI, Feb 28

The following is the text of the tax proposals announced by the Finance Minister in his budget speech:

1

This budget is more than an exercise in raising revenue or financing outlays. In a planned economy, it represents a potent instrument for achieving national objectives and sustaining the

pace of development through appropriate financial and fiscal policies. I would, therefore, like to share with hon'ble members the philosophy of my budget.

Aid to savings

It aims at strengthening the productive forces in the economy, keeping a tight rein on inflation, encouraging savings both in the individual and corporate sectors and promoting essential investment. The encouragement of savings has its corollary in discouraging consumption. Conspicuous consumption whether at individual or the corporate level has no place in a society such as ours. I have also taken this opportunity to review the effects of certain incentives and concessions in the tax law, and to modify them where appropriate. As we are placed now, the budget must reflect the imperatives of attaining as speedily as possible a viable external-payment situation and, therefore, seek to promote exports and effect economies in imports through a judicious use of the fiscal instrument.

Within this overall framework, it has been my objective to keep the budgetary deficit for the next year relatively low. While it has been necessary to raise additional resources, I have tried to do so in a non-inflationary way and without subjecting the low and middle income groups to additional burdens.

I shall first deal with my proposals in the area of non-corporate income taxes. My aim is to provide some relief at the lower end of the slabs and specially to the salaried tax payer. At the same time, it has been my endeavour to promote savings at the expense of consumption. With this end in view, I am providing for a more liberal application of the exemptions pertaining to savings.

IT surcharge on individuals raised

Coming to my specific proposals, let me begin with the unpleasant bit. I propose an increase in the surcharge in the income-tax on non-corporate tax payers from the present level of 10 per cent to 12.5 per cent. The revenue yield from this measure would be Rs. 47 crores in a full year and Rs. 37.6 crores in 1983-84. This will accrue wholly to the Centre. Considering the increased burden cast on the Centre on account of additional expenditure on national security and special assistance to the States, hon'ble members will agree that this measure is justified.

Standard deduction up

Now for the good news. As a measure of relief to the salaried taxpayer I am proposing that the ceiling of standard deduction be increased from the present Rs. 5,000 to Rs. 6,000. The revenue loss as a result of this proposal is expected to be Rs. 19 crores in a full year and Rs. 15.2 crores in 1983-84.

Initial IT slab rate reduced

In recent years, we have increased the exemption limits in respect of income tax. It has, however, been pointed out to me, with some justification, that the tax rate in the initial slab is somewhat high. I accordingly propose to split the initial slab, and for the first slab between Rs. 15,001 and Rs. 20,000 the tax rate will be 25 per cent instead of 30 per cent. The present rate of 30 per cent will, however, continue to apply to the slab Rs. 20,001 to

Rs. 25,000. For the next slab between Rs. 25,001 and Rs. 30,000 the rate will be raised by one percentage point to 35 per cent. Even after the increase in rate of surcharge, individuals and certain categories of Hindu Undivided Families etc., in the lower income

slabs will pay less tax than at present. The revenue effect of these proposals would be a loss of Rs. 35 crores in a full year and Rs. 28 crores in 1983-84.

Savings ceiling removed

As a measure to stimulate savings, I propose to remove the ceiling of 30 per cent of gross total income in respect of savings in specified forms like life insurance, provident funds, etc., while retaining the absolute monetary ceilings. Further, I intend widening the available media for savings by including National Savings Certificate, VI and VII issues. This would be particularly helpful to those past middle age and towards the end of their working lives who might find it difficult to take advantage of life insurance and other contractual forms of savings. The revenue loss from this measure is expected to be Rs. 15 crores in a full year and Rs. 12 crores next year.

Income derived from specified long-term investments is exempt at present up to Rs. 4,000 with an additional exemption of Rs. 2,000 for interest on securities and bank deposits for a period exceeding one year. As a measure of simplification, I propose to merge these separate exemption limits and raise it from Rs. 6,000 to Rs. 7,000. The existing separate exemption of Rs. 3,000 in respect of income from units of the Unit Trust of India will continue unchanged. As a result of these proposals, the aggregate of specified investment income which is exempt from tax would go up from Rs. 7,000 to Rs. 10,000. This should help to stimulate savings further.

Hon'ble members would appreciate that in sum the effect of the above proposals would be such as not to increase the tax liability of assessees in the lower brackets of the tax scale notwithstanding the increase in surcharge. As for the rest, as I intend the surcharge primarily to affect consumption rather than savings I have sought to combine the surcharge with measures designed to increase personal savings in specified financial assets.

CD scheme extended

I propose to extend the operation of the Compulsory Deposit Scheme (Income-Tax Payers) Act, 1974, by a period of two years. At present persons over 70 years of age are exempted from the requirement of making deposits. I propose to lower this limit from 70 to 65 years. Those who attain the age of 65 years on April 1, 1983 would be entitled to withdraw, at their option, the balance of the deposits to their credit, on or after June 1, 1983.

At present no tax on capital gains is charged in cases where the net consideration received on transfer of a capital asset is invested in seven-year National Rural Development Bonds. It has been pointed out to me that this maturity period is rather long. In order to provide investment choices and with a view to ensuring that resources flow into desired directions, I propose to extend the exemption to cover investment of the net consideration in a new Central Government bond of three years maturity, a special series of units of the Unit Trust of India and debentures of the Housing and Urban Development Corporation with maturity periods adjusted approximately for the interest they carry.

Incentives to non-resident Indians

As I indicated earlier, I have decided to liberalise further the tax incentives in respect of non-resident Indians investing in India. I propose to levy a flat rate of tax of 20 per cent plus surcharge on incomes derived by such persons from their specified investments in India made through foreign exchange remittances. These investments will include shares and debentures of Indian companies, units of the Unit

Trust of India and Government securities. Long term capital gains arising on transfer of such assets will also attract tax at the proposed flat rate. Such incomes will also not be taken into account in computing their other Indian incomes. They would not have to go through the procedures involved in submission of tax returns, provided they have no other income in India and tax at the proposed flat rate has been deducted from their income. These non-residents will also have the option of paying tax at the normal rates applicable to resident taxpayers. Such investments will also be exempt from Wealth Tax. Gifts of such assets made by Indian citizens and persons of Indian origin settled abroad to their relatives in India will also be exempt from gift tax.

I shall now deal with my proposals in respect of the Corporation Tax. Earlier in my speech I had referred to the need to accelerate investment through higher internal generation by companies and curbing conspicuous consumption. I believe that both the Government and the companies can contribute towards this objective.

It has been pointed out to me by several committees and representative organisations of industry that given the rising costs of replacement and modernisation, the internal funds available with the corporate sector are inadequate. I find substance in this argument. Accordingly, I propose to increase the general rate of depreciation in respect of plant and machinery from 10 per cent to 15 per cent. I am also raising the monetary limit for 100 per cent write-off from the present level of Rs. 750 to Rs. 5,000 in respect of small items of plant and machinery. The other related benefits which new investments in plant and machinery now enjoy will continue. The revenue loss on account of liberalisation of the provisions relating to depreciation would be Rs. 140 crores in a full year and Rs. 112 crores in 1983-84.

Hon'ble members would recall that last year I had proposed to allow depreciation at 30 per cent of the cost of devices and systems for energy saving and for minimising environmental pollution and for conservation of natural resources. I propose to go farther and allow 100 per cent depreciation on devices and systems for energy saving. In regard to devices and systems for minimising environmental pollution and for conservation of natural resources, I propose to raise the investment allowance from 25 per cent to 35 per cent.

To encourage industries shift from urban areas and as a measure of decongesting our overcrowded cities and reducing pollution, the capital gain arising from the transfer of buildings or lands used for the purpose of business is exempt from tax if it is used for acquiring lands for constructing buildings for the purpose of business at the new place. I propose to extend this exemption from tax to capital gain arising from transfer of machinery and plant also.

Interest rate lowered

I had earlier referred to the lowering of the interest rate structure. As my contribution to the relief being provided by banks and with a view to encouraging production and investment, I propose to reduce the rate of tax charged under the Interest Tax Act to half the prevailing rate. In respect of the chargeable interest arising after March 31, 1983, the rate of interest tax will be reduced from seven per cent to 3.5 per cent. About half the loss of Rs. 130 crores on account of this measure will be recouped by the additional tax revenue as a consequence of the lower deductible cost of borrowing to business and industry.

My other important objective in respect of the corporate tax structure is to provide incentive for higher production and exports. I am, therefore, continuing the two schemes announced last year and making them more liberal.

Spur to Exports

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As regards the scheme for excess production, I will come to the details later while discussing my proposals in respect of indirect taxes.

In respect of exports, the scheme announced by me last year provided some tax relief to exporters whose export turnover for any year exceeded that of the immediately preceding year by more than 10 per cent. The total relief available under last year's scheme was also subject to a maximum of 10 per cent of tax payable. I now propose to simplify and liberalise the scheme and remove both the minimum qualifying amount and limit of relief. Exporters will be entitled to deduct five per cent of their incremental turnover in computing their taxable income. Thus, under the new scheme, all increments in export turnover will be entitled to relief. Exports of all goods will qualify for this concession excepting a few specified items. As the new provision will take effect from the assessment year 1983-84, the provision made last year is proposed to be deleted.

Zero-tax firms in the net

Hon'ble members must be aware of the phenomenon of companies which are flourishing, but are paying no tax at all, or only a nominal tax. This is largely due to these companies availing of the tax incentives and concessions available under the provisions of the Income-Tax Act. It has been a matter of concern to us that under our tax system several highly profitable companies are able to reduce their tax liability to zero even though they continue to pay high dividends. It seems reasonable that profitable and prosperous companies should contribute at least a small portion of their profits to the National Exchequer at a time when other and less better-off sections of the society are bearing a burden. I, therefore, propose, to provide that fiscal incentives and concessions shall not absorb more than 70 per cent of the profits. This would secure that companies pay a minimum tax, on at least 30 per cent of their profits.

The differential rates of tax in the case of domestic companies depending upon the total income of the company are proposed to be removed.

As a measure of simplification, I propose to levy income-tax at a flat rate of 25 per cent on the gross amount of interest received by foreign companies on loans advanced by them in foreign currency.

IT Surcharge on companies raised

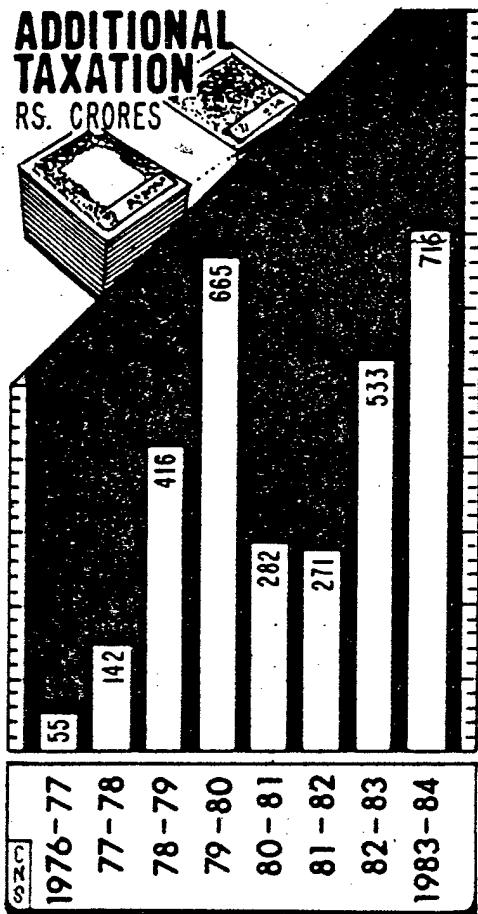
The income-tax payable by companies at present bears a surcharge of 2.5 per cent of such income-tax. I propose to raise the rate of surcharge to five per cent. However, in lieu of the additional surcharge payable by them, companies will be offered the option to make deposits with the Industrial Development Bank of India under a scheme to be notified by the Government. I am not taking credit for any revenue gain from this measure in the expectation that the additional surcharge would in fact be deposited by the companies with the Industrial Development Bank of India. The amount so deposited should help to provide funds for modernisation and thus flow back to the corporate sector.

Our corporate tax structure is riddled with a large number of different kinds of deductions. While each deduction may seem to have a merit, the aggregate effect is to complicate tax administration, provide opportunities for misuse and reduce the growth of revenues. As a step towards rationalisation of this structure, I have reviewed the various deductions.

The Income-Tax Act at present provides for weighted deduction of expenses incurred by a com-

pany or a cooperative society which uses products of agriculture, animal husbandry, dairy or poultry farming as raw material. The expenses in respect of which weighted deduction is allowed do not relate directly to the assessee's business. I propose to provide that such companies or cooperative societies would henceforth be entitled only to the deduction of expenses and not to the weighted deduction.

The Income-Tax Act provides deductions for expenditure or contributions made by assessees for approved programmes of rural development. On-going programmes approved by the prescribed authority will continue to enjoy the benefits of the deduction up to the terminal date in respect of time-bound programmes and February 28, 1984, in other cases. However, with a view to preventing the possibility of misuse, it is proposed not to allow any further deductions on this score. It is not the intention of the Government to deprive genuine rural development



programmes of corporate support. The Government would shortly establish a fund called the Prime Minister's fund for rural development contributions to which would enjoy exemption under the Income Tax Act.

Concessions withdrawn

The special deduction allowed hitherto in respect of profits and gains from business of livestock breeding and poultry or dairy farming and from business of growing mushrooms is proposed to be withdrawn. I see little justification for continuing this fiscal concession to these businesses, in view of the room for abuse. However, in order to encourage and

strengthen primary cooperatives for oilseeds, fruits and vegetables, I propose to provide full exemption from tax for such cooperatives as in the case of dairy cooperatives.

The tax concession in relation to horizontal transfer of technology was introduced in 1969. The objective was to discourage repetitive import of foreign technology. I find that the concession has lent itself to be used for tax avoidance. I, therefore, propose to withdraw this concession effective from the assessment year 1984-85.

Part of adv. & travelling expenditure disallowed

Hon'ble members must be aware of lavish and wasteful expenditure by trade and industry, particularly on travelling, advertisement and the like. With a view to inculcating a climate of austerity and providing a disincentive to unproductive, avoidable and ostentatious spending by trade and industry, I propose to provide that 20 per cent of such expenditure will be disallowed in computing the taxable profits. The Income Tax Act provides for the disallowance of entertainment expenses beyond a ceiling and for total disallowance of expenses on maintenance of guest houses. I propose to define the terms "entertainment expenditure" and "guest house" to remove doubts about the correct import of these expressions. The revenue from these measures in a full year will be Rs. 50 crores and in 1983-84, Rs. 40 crores. The effect of these measures, combined with the increase in depreciation allowance, will be to provide a marked preferential tax treatment of investment as against unproductive expenditure.

Several cases have come to notice where taxpayers do not discharge their statutory liability such as in respect of excise duty, employer's contribution to Provident Fund, Employees' State Insurance Scheme, for long periods of time. For the purpose of their income tax assessments, they nonetheless claim the liability as deduction even as they take resort to legal action, thus depriving the Government of its dues while enjoying the benefit of non-payment. To curb such practices I propose to provide that irrespective of the method of accounting followed by the taxpayer, a statutory liability will be allowed as a deduction in computing the taxable profits only in the year and to the extent it is actually paid. This would result in a revenue gain of Rs. 100 crores in a full year and Rs. 80 crores in 1983-84.

Wealth tax on closely-held companies

It has come to my notice that some persons have been trying to avoid personal Wealth-Tax liability by forming closely-held companies to which they transfer many items of their wealth, particularly jewellery, bullion and real estate. As companies are not chargeable to Wealth Tax, and the value of the shares of such companies does not also reflect the real worth of the assets of the company, those who hold such unproductive assets in closely held companies are able to successfully reduce their Wealth-Tax liability to a substantial extent. With a view to circumventing tax avoidance by such persons, I propose to revive the levy of Wealth Tax in a limited way in the case of closely-held companies. Accordingly, I am proposing the levy of Wealth Tax in the case of closely held companies at the rate of two per cent on the net wealth represented by the value of specified assets, such as jewellery, gold, bullion, buildings and lands owned by such companies. Buildings used by the company as factory, godown, warehouse, hotel or office for the purposes of its business or as residential accommodation for its low-

paid employees will be excluded from net wealth.

The sum of my proposals in respect of the corporate sector, the honorable members would appreciate, is to ensure that every profitable company pays some tax in the year in which profits accrue, that loopholes are plugged and the number of deductions is reduced, that more funds are available for modernisation and reinvestment, that costs are reduced through lower interest charges and reduction in conspicuous expenses, and that higher production, particularly for exports, receives due encouragement.

Curbing Cheap Imports

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Many charitable and religious trusts and institutions no doubt do laudable work. Unfortunately, it is also true that many are used as a medium for tax avoidance, accumulation of wealth and means of patronage and I cannot remain a disinterested spectator. It is time some steps were taken to set matters right.

The Taxation Laws (Amendment) Act, 1975 had laid down an investment pattern for trust funds, and trusts which failed to comply with this investment pattern from accounting years commencing after March 31, 1978 were liable to forfeit tax exemption. However, having regard to the practical difficulties involved and to ensure a more orderly change-over, this date was extended in 1977 by three years. As the whole gamut of the provisions relating to charitable and religious trusts was under consideration by the Economic Administration Reforms Commission, the date for the new pattern of investment was again extended last year by a further period of one year.

Business income of charities to be taxed

I have since considered the matter carefully. I see no justification for permitting investment of trust funds in business concerns, including shares of companies in the private sector. I accordingly propose to provide that all trust funds should be invested in specified modes such as, Government securities, units of the Unit Trust of India, deposits with scheduled banks, approved financial corporations, etc. Investment in immovable properties will, however, continue to be allowed. I am giving notice to all charitable and religious trusts to divest their shareholdings and other investments in business concerns by Nov. 30, 1983. However, trusts will be allowed to keep shares in companies, which formed part of the original corpus as on June 1, 1973 and bonus shares received up to that date. Some trusts carry on business on commercial lines and derive income therefrom. There is no reason why such business income should not be brought to tax. I, therefore, propose that business income of all charitable and religious trusts including those which have hitherto been exempted by notification, will be brought to tax with effect from assessment year 1984-85. Trusts having business income will also be required to conform to the new investment pattern if they wish to seek tax exemption in respect of their other income.

Estate duty on agriculture lands goes

Hon'ble members are no doubt aware that estate duty in respect of agricultural land is a State subject and that the Centre has levied estate duty on

agricultural land only by virtue of resolutions passed in this regard by States enabling the Union to do so. Our experience is that the valuation of agricultural land leads to administrative difficulties and litigation. The yield from this levy has also not been significant over the past several years. Moreover, after the abolition of Wealth Tax on agricultural land, including plantations, there is little practical justification for continuing the levy of estate duty on agricultural land. I therefore propose to remove the levy of estate duty on agricultural land. Since the Estate Duty Act can be amended only after the necessary resolutions of State Legislatures, a Bill for giving effect to this proposal will be introduced later.

The revenue loss on account of the reduction in interest tax will be Rs. 104 crores next year. Taking into account the estimated recoupment of part of this loss, my corporation tax proposals will yield Rs. 104 crores next year. My proposals in regard to Income Tax will lead to net revenue accrual of Rs. 25.6 crores to the entire next year and a loss of Rs. 28 crores to the States.

Indirect taxes

I turn now to my proposals in the area of indirect taxation. Mr. Speaker, the House is aware that for some years now our balance of payments has been under strain. Despite this we have sought to maintain an import regime which provides adequate access to imported inputs such as raw material and capital goods to the priority sectors. At the same time, I would not like that our policies should be taken advantage of by exporters abroad facing difficult market conditions by selling unduly cheap in the Indian market to the detriment of the Indian industry. I believe we should use the instrument of customs duties not only to help revenue collection but to support our balance of payments and industrial expansion. In framing my proposals, I have also tried to minimise tax avoidance and evasion and taken care to see that the measures would not spur inflation.

Some auxiliary duties up

Taking customs duties first, my principal proposal is to continue the auxiliary duties of customs first imposed from 1973 and since renewed annually. I propose also to raise with certain exceptions the present effective rates by 5 percentage points. The statutory rate of auxiliary duty is proposed to be kept at 50 per cent, and the maximum effective rate at only 35 per cent. The cushion of 15 per cent will help us take care of any need for higher duty levels which may become necessary for reasons such as support for indigenous production. Newsprint and crude petroleum would not be subject to the increase in auxiliary duty. The existing full exemption from auxiliary duties on essential items like fertilizers, kerosene, high speed diesel oil would be continued. The revenue gain as a result of this proposal would be Rs. 254.5 crores in a full year.

Higher rate on chemicals

My next proposal relates to chemicals. This group of commodities is in general subject to a basic rate of customs duty at 60 per cent ad valorem. With the significant fall in the international prices of chemicals, I believe it would be appropriate to raise the tariff rate of 100 per cent ad valorem and the general effective rate to 70 per cent ad valorem. Tariff rates of 40 per cent and 100 per cent applicable to certain groups of chemicals are also being raised on the same lines. However, pharmaceutical chemicals and drugs, insecticide, pesticide and fungicide chemicals, fertilizers, tanning substances, etc. have by and large been kept out of the purview of the proposed increase. This measure will yield Rs. 37.5 crores in a full year.

Zinc & lead to cost more

I also propose to raise the effective basic import duty on zinc metal from 45 per cent to 55 per cent ad valorem and that on lead metal from 40 per cent to 55 per cent ad valorem. The existing partial exemption from countervailing duty on lead scrap and waste is also proposed to be withdrawn. These measures will yield an additional revenue of Rs. 12.8 crores in a full year, and would also improve the financial viability of indigenous producers.

For the benefit of our electronics industry, the existing concessional basic import duty of 45 per cent ad valorem is proposed to be extended to four more items of raw materials and components. Besides, the concessional basic import duty of 35 per cent ad valorem in respect of capital goods is proposed to be extended to 14 more items. These steps would cost the Exchequer Rs. 1.22 crores in a financial year.

Another concession relates to bona fide gifts received from abroad by post or air freight. I propose to raise the duty free limit for bona fide gifts of food articles and medicines imported by post or as air freight, and other items imported by post to Rs. 200. This liberalisation, I am sure, would be welcomed by those who receive genuine gifts from their friends and relatives abroad. The revenue sacrifice would be Rs. 3.71 crores in a full year.

Duty-free baggage limit up

I also propose to rationalise and liberalise the provisions relating to import duties on articles of baggage which are brought by passengers returning to India. The present duty-free limit for baggage is Rs. 1,000. I propose to raise this limit to Rs. 1,250 for adults with corresponding increase for minors and other categories of passengers. Keeping in mind the needs of Indian workers abroad who are generally engaged on contracts of one year and who then return to India, I propose a higher duty-free allowance of Rs. 5,000 for them for used household effects with some exceptions. The rate of basic duty on the first dutiable value slab will remain 130 per cent, while on the value in excess of the first dutiable slab it is being reduced from 300 per cent to 200 per cent ad valorem except for a few articles. Auxiliary duty will be in addition. The list of articles of baggage in respect of which duty-free entry will not be admissible is being shortened. I am sure these measures would reduce the rigours of customs clearance for incoming passengers. I do not anticipate any fall in revenue because of this liberalisation.

Changes in Customs Act

A few amendments to the Customs Act, 1962 are also proposed to streamline the working of the department in the field and to enable more efficient revenue collections. The changes relate mainly to the setting up of the inland container depots and provisions relating to warehousing and drawback. A fair amount of customs revenue remains blocked because of inordinately long warehousing of goods and it is therefore proposed to reduce the warehousing time to one year in the case of non-consumable stores and to three months for other goods. As a measure to expedite drawback payments, it is being provided that for claiming drawback it would be sufficient if the goods are entered for export to a place outside India. The minimum amount for which a claim for drawback would be entertained is also being raised from Rs. 5 to Rs. 50.

Power is also proposed to be taken under the

Customs Act for the Government to fix effective rates of duty on a basis different from the one spelt out in the tariff. Thus, if the tariff rate of duty is on ad valorem basis, the Government would have the power to fix effective rates of duty on the basis of weight, volume, etc.

Excise duties

Coming now to my proposals in respect of excise duties my objective has been primarily to mop up windfall gains where we believe they exist, and to limit the incidence of additional levies on individual items to relatively small proportions. I have also kept to the fore the important objective of promoting the small scale sector which has been a nursery for entrepreneurship in the country and has also helped to diffuse the concentration of economic power.

I propose to continue the levy of special excise duties in 1983-84 at the existing rates.

Duty on cement raised

Cement prices, as hon'ble members are aware, have been ruling high in the markets. To mop up undue profits, I propose to raise the basic excise duty on cement from Rs. 135 to Rs. 205 a tonne for the commonly used variety. The basic excise duty on cement produced by mini plants will also go up from Rs. 100 to 170, thus maintaining the existing duty differential of Rs. 35 a tonne in favour of the miniplants. The revenue gain would be Rs. 182 crores in a full year by way of Central excise duties and Rs. 6 crores by way of countervailing duties on imports of cement.

Higher rate on Item 68 products

Central Excise Tariff Item 68 covers a miscellany of goods not elsewhere specified in the tariff. The rate of duty has been unchanged at eight per cent ad valorem from 1979. I propose to raise the rate now to 10 per cent ad valorem. This measure is likely to yield an additional revenue of Rs. 120 crores by way of Central excise duties and Rs. 60 crores by way of countervailing duties in a full year. The increase would be basically on finished goods since the raw materials and manufactured inputs covered by this tariff item will continue to be eligible for duty credit as at present. I have taken care to protect the small scale sector, as I will be mentioning later.

Help to Small Units

4 I have also proposed a package of measures relating to man-made fibres, blended yarns and fabrics. Hon'ble members would recall that in my budget last year several duty changes were made to encourage the production of blends with the desirable proportions of polyester.

As a further measure in this area, I now propose to give a competitive edge to polyester-cotton blended fabrics vis-a-vis polyester-viscose blended fabrics. The incidence of basic and additional duty on polyester-cotton fabrics containing more than 40 per cent but less than 50 per cent polyester is proposed to be reduced from 15 per cent ad valorem to 6.5 per cent ad valorem. These concessional rates would not however, apply if polyester filament yarn is used. The overall incidence of duty on cotton yarn containing more than 40 per cent but less than 50 per cent

Polyester is also being reduced from Rs. 11.25 to Rs. 7.5 a kg. the revenue sacrifice entailed in these changes is Rs. 19.40 crores in a full year.

Duty on staple fibre raised

The effective duty on viscose staple fibre is being raised from Rs. 4 a kg to Rs. 5 a kg. Further, to discourage the increasing imports of this fibre, I propose to raise the import duty on ordinary viscose staple fibre from 30 per cent to 40 per cent ad valorem and on improved varieties of viscose staple fibre also to 40 per cent ad valorem. The revenue gain will be Rs. 5.6 crores.

In the case of imported polyester fibre, considering the gap between its landed cost and domestic prices, it is proposed to raise the effective duty on polyester staple fibre by Rs. 9 a kg. This would yield Rs. 9 crores in a full year.

Polyester filament yarn is used in comparatively higher priced fabrics and I propose to raise the effective excise duty by Rs. 7.50 a kg on filament yarns of textile applications. This increase would be equally incident on important filament yarn by way of higher countervailing duty. The increase would not be applicable to polyester filament yarn of 750 deniers and above which goes into industrial applications. The revenue gain in a full year would be Rs. 22.5 crores by way of excise duties and Rs. 5.6 crores by way of countervailing duties.

In step with the above increase, I also propose to raise the effective duty on nylon filament yarn of textile deniers by the same margin. The additional revenue yield will be Rs. 1.5 crores by way of Central excise duties and Rs. 50 lakhs by way of countervailing duties in a full year.

Uniform rate for paper & paper boards

As a measure to combat tax avoidance, I propose to change the basis of duty from ad valorem to ad valorem-cum-specific rate or specific rate on a few commodities. In respect of paper, while adopting an ad valorem-cum-specific rate, I propose to fix a uniform rate for printing, writing and most of the other varieties of paper and paper boards. The effective basic duty for kraft paper will be 10 per cent ad valorem plus Rs. 1810 a tonne and for most of the other varieties of paper and paper boards, 10 per cent ad valorem plus Rs. 1430 a tonne. The existing concessional basic rate of five per cent ad valorem in respect of white printing paper supplied to the Director General, Supplies and Disposals or for educational purposes would however, continue.

Small paper mills to benefit

I have also reviewed the present concessions available to small paper mills. The linking of the concession enjoyed by this sector to the installed capacity of a plant has been posing some practical problems. I, therefore, propose to rationalise the concessions to this sector on the basis of quantum of clearances in a financial year. The extent of exemption is also being suitably modified which should encourage the small paper mills to increase their production substantially. Rates of duty for paper manufactured in such paper mills using unconventional raw material will be Rs. 560, Rs. 900 or Rs. 1,120 a tonne depending on whether the clearances of paper and paper board from such mills in the preceding financial year did not exceed 3,000 tonnes, 7,500 tonnes or 16,500 tonnes respectively.

Aerated waters

In regard to aerated waters it is proposed to fix specific rates of duty to replace the existing ad valorem rates. The effective basic duty for a bottle of 200 milli litres will be, five paise for soda and 30 paise for others. The concessions available to small-scale manufacturers would continue.

The present ad valorem rate in respect of motor cars is being converted into ad valorem-cum-specific rate. The effective rates would be based on the engine capacity and would be different for petrol driven and diesel driven cars.

In the case of tyres used in two-wheeled vehicles and tractors and tyres of specified sizes for trailers, the present basic tariff rate of 60 per cent is proposed to be reduced to 25 per cent which is the level of the present effective rates of duty.

Specific duty for cigarettes

The House may recall that in November last, the concessional rates of duty on cigarettes were withdrawn and cigarettes were made liable to pay statutory rates. The revenue realisations had been affected *inter alia* on account of disputes over the method of arriving at the assessable value. With a view to ending the room for uncertainty once for all, I propose to fix specific rates of duty in respect of cigarettes. These rates of duty would be linked to their retail sale prices printed on the cigarette packs. Keeping in view the fact that the consumption of cheaper cigarettes is large, I have also sought to have a graded levy based on retail prices. The duty now proposed will, at the lowest slab, be Rs. 35 per thousand cigarettes. I expect that this measure would help the Government to realise the revenue expected from this item.

All these anti-avoidance measures would help secure revenue of the order of Rs. 50 crores which otherwise might have been avoided.

Relief for small units

There have been strong representations from many quarters that the existing scheme of concession in excise duty for the small scale sector hampers continuous growth and should be liberalised. I have reviewed the matter. Under the general scheme applicable to 70 specified groups of commodities at present, manufacturers are eligible to get full duty exemption up to first clearances of Rs. 7.5 lakhs and the concessional rate of 75 per cent of the duty payable on clearances in excesses of Rs. 7.5 lakhs but up to Rs. 15 lakhs. I propose to raise the upper limit from Rs. 15 lakhs to Rs. 25 lakhs. At the same time, I propose to reduce the limit of full exemption from Rs. 7.5 lakhs to Rs. 5 lakhs. The clearances in excess of Rs. 5 lakhs to Rs. 25 lakhs would, however, enjoy a concessional rate of duty of 75 per cent of the normal duty payable.

Exempted from duty

Two commodity groups, namely cosmetic and toilet preparations, and the other, refrigerating and airconditioning appliances and machinery and their parts bear high rates of excise duty and will be deleted from the general scheme. An alternative exemption scheme has been provided for these items under which small manufacturers with total clearances upto Rs. 2.5 lakhs would be completely exempt from payment of duty and those with turnover upto Rs. 15 lakhs would pay duty at half the normal rate on the entire clearance.

As regards the exemption available to the small scale manufacturers of goods falling under Tariff item

68. I propose to raise the eligibility limit of Rs. 30 lakhs by way of value of clearances in the previous year to Rs. 40 lakhs. This measure would help the small scale units to take advantage of the benefit of exemption while expanding their turnover. With the increase in the rate of duty from eight per cent to ten per cent which I mentioned earlier, the amount of new concessions can go up to Rs. 3 lakhs against Rs. 2.4 lakhs till now.

For both the schemes, I propose to exclude the clearances of exempted goods, other than those exempted under small scale exemptions, for the computation of value of clearances for the purpose of determining the eligibility as well as availment of exemption from duty. The net revenue effect of all these concessions for the small scale sector will be a loss of Rs. 5 crores in a full year.

Incentives for higher production

As part of the 1982 budget, I had announced an excise duty relief scheme for encouraging higher production in respect of certain specified commodity groups. I propose not only to continue the scheme but also enhance the relief in duty for excess clearances. Under the existing scheme, there is, for excess clearances, a relief of 20 per cent of duty for items falling in certain duty rate groups and 10 per cent for those falling in other such groups. I propose to provide incentive in two slabs instead of the present single slab. I also propose to increase the present incentive of 20 per cent and 10 per cent respectively to 30 per cent and 15 per cent for the first slab of excess clearances and to 40 per cent and 20 per cent for the subsequent slabs. I hope that industry would take advantage of this liberalisation and step up production.

I have also proposed a few changes which would benefit State Governments. The first is in relation to "coated" fabrics, both cotton and man-made and flocked fabrics where additional excise duty (in lieu of sales tax) of 5 per cent ad valorem is being proposed in addition to the duty on base fabrics. This measure would net an additional revenue of Rs. 3.4 crores in a full year. The other proposal relates to sandalwood oil in respect of which all exemptions are being withdrawn. The net gain from this proposal is Rs. 30 lakhs in a year.

I now come to changes which do not involve any significant revenue. I propose a few changes in the tariff descriptions relating to iron and steel items which would align the Central excise tariff, as far as these items are concerned, with the Indian customs tariff. The principles of classification hitherto adopted through executive instructions are being incorporated in the tariff entry itself. The tariff entries relating to iron and steel would be spelt out on a more scientific basis and the problems encountered in the matter of charging countervailing duty would also be reduced considerably. These changes would, however, be brought into effect from a subsequent date after the necessary ground-work. Till then, the present effective rates of duty would continue.

Lest this litany of measures give the impression that the Finance Minister's proposals only relate to raising revenue, let me add that where appropriate I have tried, as I will be announcing now, some concessions in excise duties.

Duty on sugar reduced

Sugar is an important item in the family budget. I propose to reduce the duty on both "levy" and "non-

"levy" sugar. The present ad valorem rates being replaced by specific rates, that is 38 paise a kg on "levy" sugar and 50 paise a kg on "non-levy" sugar. The revenue sacrifice will be of the order of Rs. 21.02 crores in a full year. I have, however, taken special care to see that the amount due to the States from additional excise duty in lieu of Sales Tax on sugar is not affected.

Housewives in India, as elsewhere, have been complaining for some time about the rise in their expenses. As a measure of economising on their fuel bills without affecting the nutritional and, hopefully, the gastronomic value of what they cook, I propose to exempt totally pressure cookers from excise duties. They would now find someone else in their kitchen letting off steam.

With the same intention of promoting fuel economy, I propose also to exempt fully from excise duty fuel efficient kerosene stoves.

"Resources in Non-Inflationary Way is Aim"

The effective basic rates of excise duty on electric bulbs upto 60 watts and fluorescent tubes are now 10 per cent ad valorem and 30 per cent ad valorem respectively. As a measure to reduce the prices of these items, and thus help in the effort to shed more light at lesser cost, I propose to exempt fully the former from excise and reduce the basic duty on the latter from 30 per cent to 20 per cent ad valorem.

In consideration of the potential of multi-axled vehicles for fuel saving, I propose to reduce the effective basic duty on them from 15 per cent to 10 per cent ad valorem.

Help to farmers

For the benefit of farmers, who use fertilizers, I propose to fully exempt ammonium sulphate and calcium ammonium nitrate from excise duty, as also agricultural grade pyrites used for reclamation of alkaline soils.

Aluminium pipes used in sprinkler equipment for irrigation, which at present bear a basic duty of 16 per cent ad valorem, will also be fully exempted. Another proposal is for exemption from excise duty of internal combustion engines for agricultural sprayers, and also for powered cycles.

One of the factors leading to higher prices of prepared or preserved foods and food products is the cost of the metal containers used in their packaging. I propose to exempt these items from that part of excise duty as is attributable to the cost of such containers. This should bring about a reduction in the price of these foods to the consumer.

Skimmed milk powder sold in packs up to one kg, is also being fully exempted from duty as a measure to reduce its prices to consumers.

I also propose to fully exempt from duty several specified items of hospital furniture which should reduce the cost of acquiring them for the hospitals.

These excise duty concessions would cost the Exchequer Rs. 35.02 crores in a full year.

There are some other proposals in respect of customs and excise duties which are relatively minor. I do not wish to take the time of the House over them.

Yield from taxes

The proposals I have presented will yield a revenue of Rs. 409 crores in a full year in Central excise duties and Rs. 397.96 crores in customs duties. The

concessions and reliefs amount to Rs. 83.58 crores on the Central excise side and Rs. 4.93 crores on the customs side. The net yield is, therefore, Rs. 325.42 crores from Central excise duties and Rs. 393.03 crores from customs duties. The accrual to the Central Exchequer in a full year will be Rs. 589.71 crores and the share of the States will be Rs. 128.74 crores.

Where the changes are to be made by notifications effective from March 1, 1983 copies thereof will be laid on the table of the House in due course.

In framing the budget proposals, I have been greatly helped by the observations and recommendations in reports of Parliamentary committees and also the reports made so far by the Economic Administration Reforms Commission. My proposals reflect these recommendations, wherever feasible and appropriate, but I must add that it has not been possible for the Government to take decisions finally on all the recommendations in the reports. A number of them on important matters, such as a tribunal for valuation of urban properties, will be processed for a Direct Taxes Amendment Bill, the preparation of which will be taken on hand.

This year I have not much to say on behalf of my hon'ble colleague, the Minister of Communications as he has already taken care of himself. The postal services are being expanded every year to reach more and more people. There are now over 1.41 lakh post offices, and an employee strength of about 5.8 lakhs including extra-departmental staff. With a view to meeting part of the increasing operating cost, it has become necessary to revise the postal tariff. While I do not propose to touch post-cards and letter-cards, the tariff in respect of parcels is proposed to be increased to yield Rs. 12 crores in a full year and be increased to yield Rs. 10 crores in 1983-84. A memorandum showing

the proposed tariff is being circulated along with the budget documents. The changes will take effect from a date to be notified after the Finance Bill is passed by Parliament.

Budgetary deficit

I had earlier mentioned that the budgetary deficit at the existing rates of taxation would be Rs. 2,250 crores. The proposed tax measures taken together with the reliefs and concessions, are estimated to yield a net additional revenue of Rs. 615.31 crores to the Centre and Rs. 100.74 crores to the States during 1983-84. Besides, I am taking credit for Rs. 135 crores as receipts from the new bonds to be issued in terms of the approved investments to obtain exemption from Capital Gains Tax. After setting off the receipt of Rs. 55 crores from the existing National Rural Development bonds already included in the budget, the net yield on this account would be Rs. 80 crores. The budgetary deficit would thus get reduced to Rs. 1,555 crores, which hon'ble members would agree would not put undue strain on the economy.

Mr. Speaker, there are no easy answers or shortcuts to development problems faced by India. Whether we, as a nation, succeed or fail must ultimately depend on the quality of our economic management and the cooperation of our people. It is true that we have been able to maintain price stability despite a setback in agriculture in the current year, increase our national income by about five per cent a year in the last three years and show some improvement in our balance of payments despite an unfavourable international environment. These achievements, however, must lull us into a false sense of economic well-being. The road ahead is long and arduous. Given the resilience and dedication of our people, we can face the future with hope and confidence.

Sir, I now commend the budget to the House.

Wealth Tax on Closely Held Firms

NEW DELHI, Feb. 28.

The Finance Bill seems to revive, in a limited-way the levy of wealth tax on companies which was withdrawn by the Finance Act, 1960.

Under the provisions in the Bill wealth tax at the rate of two per cent will be chargeable from the assessment year 1984-85 in respect of the net wealth of all closely-held companies. For the purpose of determining the net wealth of the company the value of only the following assets will be taken into account:

(A) Gold, silver, platinum or any other precious metal or any alloy containing one or more of such precious metals.

(B) Precious or semi-precious stones.

(C) Ornaments made of gold, silver, platinum or any alloy of such metals.

(D) Utensils made of gold, silver, platinum etc.

(E) Land other than agricultural land.

(F) Building or land appurtenant thereto other than building or part thereof used by the assessee as a factory, godown, warehouse, hotel, or office for the purposes of its business or residential accommodation for its employees whose income chargeable under the head "salaries" is Rs. 10,000 or less.

(G) Motor cars.

(H) Any other asset which is represented by a debt secured on any one or more of the

assets referred to earlier.

Net wealth: For the purpose of these provisions the net wealth of a company will be the amount by which the aggregate value of all the assets referred to above, wherever located, belonging to the company on the valuation date is in excess of the aggregate value of all the debts owed by the company on the valuation date which are secured on, or which have been incurred in relation to, the said assets.

However, where any debt secured on any asset belonging to the company is incurred for, or ensures to, the benefit of any other person, or is not represented by any asset belonging to the company, the value of such debt will not be taken into account in computing the net wealth of the company. The value of any asset shall be estimated to be the price which, in the opinion of the wealth tax officer, it would fetch if sold in the open market on the valuation date.

The proposed amendments seek to provide that all provisions of the Wealth Tax Act (Excepting the provisions relating to exemptions in respect of certain assets, valuation of business assets in cases where accounts are maintained regularly by the taxpayer, exemption in respect of certain companies and rates of wealth-tax) will apply as if the proposed provision in the Bill formed part of the Wealth Tax Act.

The Central Government is being em-

powered to provide, by notification in the Official Gazette, that the levy of wealth tax under the aforesaid provision will not apply in relation to such institutions, associations and/or bodies (whether incorporated or not and whether Indian or non-Indian) as may be specified in this behalf, having regard to the nature and object of such institutions, associations, etc. Every such notification issued by the Central Government shall be laid, as soon as may be, after it is issued, before each House of Parliament.

Effective from April 1, 1984: These amendments will take effect from April 1, 1984, and will accordingly apply in relation to the assessment year 1984-85 and subsequent years.

Exemption from wealth tax of fees due to assessee carrying on certain professions and maintaining books on the cash system of accounting:

Under the provisions of the Wealth Tax Act, the amount of any fee due to the tax payer in respect of services rendered by him as a legal practitioner within the meaning of the Advocates Act, 1961 (25 of 1961) is excluded in computing his net wealth.

It is proposed to extend the scope of this exemption and provide that apart from fees due to persons carrying on legal profession, fees due to persons carrying on medical, engineering or architectural profession or the profession of accountancy, or such other profession as is notified by the Central Government in this behalf, will not be included in computing the net wealth, if such persons maintain books of account on the cash system of accounting.

This amendment will take effect from April 1, 1984 and will accordingly apply in relation to the assessment year 1984-85 and subsequent

years.

Exemption from wealth tax of foreign exchange assets:

With a view to encouraging the flow of foreign exchange remittances into India and investment in India by "non-resident Indians", the Bill seeks to provide for exemption from wealth tax of the value of "foreign exchange assets" held by them.

The expression "non-resident Indian" and "foreign exchange asset" will have the same meaning as in new Section Q 115 C, proposed to be inserted in the Income Tax Act under Clause 36 of the Bill. The meaning of these terms has been explained in Paragraph 47 of this memorandum.

These amendments will take effect from April 1, 1984 and will accordingly apply in relation to assessment year 1984-85 and subsequent years.

Exemption from wealth tax of medals, trophies and awards in kind:

Under an existing provision in the Wealth Tax Act, any property received by a taxpayer from Government in pursuance of any gallantry or merit award instituted or approved by the Central Government is exempt from wealth tax.

The Bill seeks to provide exemption from wealth tax in respect of the value of any medal, trophy, award in kind received by a taxpayer for any attainment, work or contribution in any field, if such medal, trophy or award is received from Government or a university or an institution affiliated to a university or from an institution approved for the purposes of this provision by the Central Government.

The proposed amendment takes effect from April 1, 1983.

Economic Adviser's Press Conference

Madras THE HINDU in English 3 Mar 83 p 9

[Text]

NEW DELHI, March 2.

Mr. Bimal Jalan, Chief Economic Adviser, Union Finance Ministry, today said the 1983-84 budget proposals were non-inflationary and contained "a lot of things which will reduce costs — the reduction in the rate of tax on bank interest by 50 per cent, reduction in the excise duties on sugar and steps taken to reduce the price of fabrics". But, he said, it would be difficult for anybody to predict that the rate of inflation could be contained at 2.3 per cent.

(This was precisely what used to be done by Finance Ministry spokesmen, particularly Dr. Manmohan Singh, former Secretary of Economic Affairs and now Governor of the Reserve Bank of India, in earlier years while briefing newsmen on budget proposals in the earlier years).

Mr. Jalan told pressmen the hopes of containing inflation would depend very much on the coming rabi crop.

The spokesman, present at today's press briefing, defended the imposition of pre-budget

levies, particularly the notification relating to the statutory and effective duties on cigarettes to the same level in November last, which would have resulted in raising the revenue by Rs. 150 crores in a full year.

He said this was done because cigarette manufacturers were avoiding payment of duties. The result was that the revenues from the duty on cigarette which should have amounted to Rs. 750 crores in 1982-83, according to revised estimates, was only Rs. 698 crores. The estimated revenue in 1983-84 from the duties on cigarettes was Rs. 950 crores.

Difficult year: Mr. M. Narasimham, Secretary, Department of Economic Affairs, said the country had just passed through a difficult year largely as a result of drought conditions which might lead to a drop in agricultural output by about three per cent. Industrial growth had also been much more moderate and it would not be over 4.5 per cent and a slower growth of two per cent for the economy as a whole.

"We have had a resource squeeze as a result of the textile strike in Bombay which has affected textile production very considerably and excise duty realisation from the mill sector has shown a shortfall. Against this background, the formulation of the budget had to keep to the imperatives of maintaining the tempo of Plan expenditure and of defence requirements and the options we had in regard to raising revenues were many. The attempt has been to raise resources in a non-inflationary manner.

Incentives for savings: "We have tried to give a positive orientation to the stimulation of savings, avoidance of wasteful expenditure in the corporate sector and the object of the concessions is to promote investment. The proposals with regard to personal taxation are also oriented to savings and the main thrust in respect of indirect taxes has been in the direction of customs duties".

Replying to questions on the impact on the price level of the proposal to raise Rs. 120 crores by way of the two per cent increase on articles covered by Central excise tariff item 68 (general excise), Mr. V. B. Easwaran, Secretary, Department of Expenditure, said the levies would not hit raw materials included under tariff item but only those sold as final products. He said the total yield including the present increase in duties from these items covered by tariff item no. 68 would be Rs. 700 crores in a full year.

Excise revenue shortfall: Replying to questions on excise duty revenue lying locked up on account of cases in courts, Mr. G. S. Sawhney, Chairman, Central Board of Excise and Customs, said the total amount locked up in about 8,000 cases pending in various courts was Rs. 2,000 crores. This was partly responsible for the shortfall in excise revenue in 1982-83. The other reason was loss of production.

"We had taken credit for Rs. 200 crores to come from these court cases so that our revised estimates did not remain so low but this expectation went totally wrong", he said.

Mr. Easwaran denied that the Centre was formulating its budget proposals in a manner which had the effect of denying the State Governments a share in the revenues raised from additional taxation.

He said the transfers to the States from additional taxation had gone up from Rs. 9 crores in 1977-78 to Rs. 91 crores in 1978-79, Rs. 192 crores in 1979-80, Rs. 59 crores in 1980-81 though it was minus Rs. 75 crores in 1981-82. The transfers subsequently went up to Rs. 55 crores in 1982-83 while the estimated transfer in 1983-84 was Rs. 100.74 crores.

Devolution to States: Mr. Narasimham said the total devolution of Central taxes to the States in 1982-83 was Rs. 4,639 crores. According to the revised estimates at existing rates of taxes, it would be Rs. 5,088 crores in 1983-84, to which the Rs. 100.74 crores from the increases in the tax revenues proposed in the present budget should be added.

Defending the exclusive right of the Centre to the proceeds from the surtax, he said the Centre otherwise would not have the money to provide for defence and for providing assistance to the States under different heads.

Ceilings on credit: The other points made during the briefing on the budget are:

(i) The Government has so far limited the ceilings on total credit to the levels agreed to with the International Monetary Fund and this will continue.

(ii) The questions relating to the performance criteria relating to the subsequent drawals from the IMF are "still in the air".

(iii) Though the sizes of the non-Plan expenditure amounting to Rs. 20,511 crores in 1982-83 and the estimated Rs. 21,984 crores in 1983-84 are higher than the Plan expenditures of Rs. 11,000 crores in 1982-83 and Rs. 13,870 crores in 1983-84, the percentage increase in the former is only 10 as against the 21.6 per cent increase in Plan expenditure. However, over the years, the percentage of non-Plan expenditure which included administrative expenditure has been coming down, the latter amounting to just four per cent. Non-Plan expenditure also included substantial development expenditure.

(iv) No decision has been taken on the rate of interest payable on the proposed new Central Government bond of three years' maturity or for the special series of units of the Unit Trust of India to provide investment choices in respect of capital gains. Mr. Narasimham said the rates would bear some relation to the market rate structure.

Depreciation rates: (v) The higher rates of depreciation already available for plant and machinery will continue to be in force and the proposal to increase the general rate of depreciation from 10 to 15 per cent will have no bearing on these rates.

(vi) To a question whether the proposal to disallow 20 per cent of expenditure on travel, advertisement, etc., would not be disincentive to companies which were already economising on such expenditure, the official reply was that if these companies had been practising such economies the proposal should not hit them badly as the disallowance in their case would be less.

G. K. Reddy Commentary

Madras THE HINDU in English 1 Mar 83 p 9

[Text]

NEW DELHI, Feb. 28.

The budget that the Union Finance Minister presented today was quite different from what he and his starry-eyed advisers wanted to do when they started off with this

thankless task, but apparently they lost their nerve half way through this hazardous exercise in the face of a heavy uncovered deficit and decided to confine themselves to the humdrum routine of raising additional revenues to cover

at least a part of the gap along with some cosmetic concessions.

The economic wizards of the Government, like the chairman of the Economic Administration Reforms Commission, Mr. L. K. Jha, the Principal Secretary to the Prime Minister, Dr. P. C. Alexander, the Economic Affairs Secretary, Mr. M. Narasimhan, and the Governor of the Reserve Bank, Dr. Manmohan Singh, not to speak of others in the Finance Ministry, have been able to make only a marginal contribution in moving away from the beaten track of revenue collection and putting some new socio-economic philosophical content into the budget.

The general reaction has been rather adverse with some critics describing the new taxation proposals and concessions as "tardy in the scope of the reliefs and cruel in the extension of the levies" with no coherent purpose behind them other than meeting the mounting budgetary deficits caused by the uncontrolled increases in public expenditure. The Finance Minister, in his speech lasting 90 minutes, did not say even one word about what the Government proposed to do to curtail this spending spree other than talking of the higher outlays for development.

Savings-oriented: But the Government is claiming that this is essentially a savings-oriented budget with far-reaching tax concessions to salaried employees to enable those with annual incomes of upto Rs. 40,000 to pay less even after the enhancement of the surcharge and those in the higher brackets to derive similar benefits by saving more and investing it. The Finance Ministry is also arguing that given the imperatives of defence and the Plan requirements, the choice before the Government was to resort to deficit financing with all its inflationary impact or tax more to raise extra resources while holding the price line.

At the same time, it is conceded that the two per cent increase across the board of the numerous commodities listed under Item 68 of the Excise Schedule will push up the prices. The cumulative effect of the recent increase in diesel price and the extension of auxiliary duties, followed by today's enhancement of Customs levies and stepping of the Central excise on miscellaneous items will be at least three to four per cent rise in commodity prices which is bound to have a spill-over impact on the general price line.

An important feature of the budget is the ceiling imposed on the tax concessions given to companies to make them pay tax at least on 30 per cent of their gross incomes by reducing their entitlement to tax reliefs under various heads to not more than 70 per cent. Though the

57 reliefs offered to companies are still retained, they will no longer be able to file nil tax returns by availing themselves of the many permissible exemptions on their total income.

U.S. example: This has been done on the recommendation of the Jha Commission following the example of the U.S. system that provides for what is called a minimum performance tax obligation. The decision to bring charitable trusts into the tax net if they engage in business activities outside the prescribed pattern of investment in Government securities and bank deposits has also been taken on the advise of the Jha Commission.

The next positive step taken by the Finance Minister relates to the revival of what is called Section 54-3 under Mr. H. M. Patel's scheme for permitting investment of capital gains in three-year bonds and other specified assets rather than 7-year rural development bonds prescribed in Mr. Charan Singh's budget. It will encourage the public to invest at least a part of the capital gains without pickling away the bulk of it in black money transactions.

The Finance Minister has also re-imposed wealth tax on what are known as closely-held companies which number as many as 52,000 out of the total 60,000 limited companies in the country. When wealth tax was imposed by TTK in 1957-58, all companies were subject to it. But it was later modified in 1960-61 to exempt closely-held companies. The proposed two per cent levy on specified assets of these companies is going to be a big burden on them.

Innocuous provision: Another seemingly innocuous provision with far-reaching political and fiscal consequences is the announcement that the Centre had decided to give up estate duty on agricultural land under the powers delegated to it by the States. This would open the Pandora's box by leaving the States free to impose their own levies on it depending on their political proclivities and fiscal compulsions. It is not clear why the Finance Minister has taken this step without examining its implications.

It is a mixed bag budget which has failed to cause any great excitement even in Congress (I) circles which were expecting some bold initiatives and innovative moves in this penultimate financial year before the party goes to the polls again.

The Government has imposed altogether different instalments of about Rs. 2,000 crores in taxes in the shape of auxiliary duties, increased oil prices, higher P and T rates and now the latest budget impositions. And yet the Government continues to maintain that this is a savings-oriented budget.

Mixed Reception Reported

Madras THE HINDU in English 1 Mar 83 p 13

[Text]

The Central Budget proposals for 1983-84 have had a mixed reception in business and stock market circles. The initial reaction was favourable as it was indicated that there would be a lowering of interest rates on loans granted by banks and fresh incentives for stimulating savings. The overall deficit of Rs. 1,935 crores in the revised estimates for 1982-83 was not also considered large though it excludes Rs. 1,743 crores extended as special assistance to the States for wiping out excess overdrafts from the Reserve Bank.

Big step-up in Plan outlay

The overall deficit of Rs. 2,250 crores for 1983-84 on the basis of existing taxation also was not deemed high as provision had been made for a sizable increase in non-Plan and Plan expenditure. The outlay on Plan schemes is being stepped up by 21 per cent to Rs. 25,495 crores and high priority has been accorded to the execution of schemes in the energy sector. On the basis of the outlay in 1980-84, it can now be expected that the financial target of Rs. 97,500 crores for the whole Plan period will be comfortably exceeded.

Massive tax effort

The tax proposals, however, have had a chilling effect as an attempt has been made to mobilise over Rs. 950 crores in a full year without taking into account the reliefs in taxation and liberalised depreciation allowances. The additional revenue for 1983-84 is estimated at Rs. 716 crores of which the share of the Centre will be Rs. 615 crores and that of the States Rs. 101 crores. As there will also be net receipts of Rs. 80 crores through capital bonds, the deficit will be reduced to Rs. 1,555 crores.

The changes in direct taxes, as they concern non-corporate assesses, would afford reliefs only to the lower income groups as surcharge has been raised to 2.5 per cent from 10 per cent. The increase in ceiling for standard deduction to Rs. 6,000 and the removal of the ceiling of 30 per cent for approved savings, subject to the maximum of Rs. 40,000, have however, been welcomed. There will also be an increased in the quotas for exempting income from approved investments to Rs. 10,000 from Rs. 9,000.

The facility for reinvesting capital gains in new bonds having a duration of three years and in special types of units represents a revival of the earlier proposal of Mr. H. M. Patel in a different form. It is expected that the receipts through sale of bonds and units will be larger than the budget estimate of Rs. 80 crores (net). This may lead to the realisation of capital gains through the disposal of assets in various forms and result in disgorging of investments in industrial securities to some extent.

Higher corporate surcharge

The announcement relating to the increase in the surcharge on corporate taxes by 2.5 per cent to five per cent has had a depressing effect on the market. It was felt that the benefit arising out of the liberalised depreciation allowances amounting to Rs. 140 crores in a year will be largely offset by a higher surcharge on corporate taxes. The companies, of course, will have no increase in tax liability if the amount on account of the new surcharge is deposited with the Industrial Development Bank. In 1976, it was stated that the assessee had the option to deposit with IDBI the entire amount of tax arising out of the five per

cent surcharge for a period of five years.

The move to compel industrial units having no liability for taxation on account of the implementation of modernisation and expansion schemes has had an upsetting effect. Even though the scheme towards depreciation allowances and other incentives may entitle the companies concerned to avoid taxation completely, they would now have to bear tax on 30 per cent of profits and utilise unabsorbed fiscal incentives over a longer period. The implications of the new wealth tax on closely-held companies also were not fully understood though it was known later that the levy will be limited to specific net assets.

The changes in indirect taxes relate mainly to the increase in auxiliary duty on imports, the excise duty on cement and the general rate under Item 68 classification. Between these three levies alone, the additional revenue will be Rs. 622 crores. Helpful adjustments have also been effected in the rates of duties on certain categories of blended fabrics and sugar. Many of the levies will result in an increase in end prices. The cement companies, however, may be obliged to bear a part of the additional excise duty (in respect of free sale quota) if production increased sizably in later months.

As there had been a significant rise in prices of petroleum products and railway freight rates and passenger fares, the cumulative effect of all the imposts will be felt acutely by the community. While it was not generally expected that there would be taxation on such a massive scale, what has had an upsetting effect, as stated earlier, is the absence of any significant relief to the corporate sector and the compulsion on the part of zero-tax paying companies to bear tax on 30 per cent of profits.

Two-sided movements

In the pre-budget session a buoyant tone was noticeable as it was confidently anticipated that the budget proposals would have an encouraging effect especially as it was also felt that a lowering of interest rates on loans would mean a retreat from the dear money policy pursued by the Reserve Bank. Century improved to Rs. 820, Tata Steel to Rs. 255, Reliance to Rs. 175, Telco to Rs. 420, ACC to Rs. 374, Indian Rayon to Rs. 78 and Larsen and Toubro to Rs. 55. Later in the budget session, however, the earlier gains were not held. Sizable losses were actually recorded, with Century being quoted at Rs. 775, Tata Steel at Rs. 240, Telco at Rs. 398 and Reliance at Rs. 160. Bear-covering at the lower levels resulted in some part of the losses being recovered but closing rates were lower on balance, with Century at Rs. 782.50, Tata Steel at Rs. 242, Reliance at Rs. 162, Telco at Rs. 402, Larsen and Toubro at Rs. 53.50 and Indian Rayon at Rs. 73.50.

In Calcutta, however, the fluctuations were in narrow limits and net losses were not significant. A steadier trend may emerge after understanding fully the implications of the tax proposals. It may, however, take some time for the upturn to be resumed vigorously as the outlook for the economy in the next financial year will become clear when it is known that there would be a pick-up in the agricultural production and industries will benefit by a higher level of Plan expenditure and the revised scheme for grant of excise duties on a graded basis in respect of excess output over the base year.

OCEAN DEVELOPMENT BUDGET PROVISIONS REPORTED

Madras THE HINDU in English 3 Mar 83 p 7

[Text]

NEW DELHI, March 2.

A high power body, called the Ocean Commission, is being set up to formulate and implement schemes for ocean research and management.

A token provision of Rs. one lakh has been provided in the 1983-84 budget of the Department of Ocean Development for the purpose.

Among other things, the department proposes to take up training of ocean scientists and technologists for carrying out research, running survey ships, exploitation of nodules, analysis of data and development of technologies. For this, Rs. 20 lakhs has been provided.

Manned station in Antarctic: Besides these, Rs. 1 crore has been provided to acquire an icebreaker for servicing a manned station, proposed to be set up in the Antarctic as part of the second expedition programme. An Antarctica study centre is also proposed to be set up in India.

The department proposes to take up pre-investment surveys and R and D in the field of deep sea mining for which a sum of Rs. 9.6 crores has been provided.

Indo-French centre: An Indo-French centre for the promotion of advance research is proposed to be set up to identify, arrange finance and monitor research projects jointly conducted by Indian and French scientists.

This is one of the schemes included in the budget of the Department of Science and Technology and a sum of Rs. 10 lakhs has been allotted for the purpose.

Another scheme, with a provision of Rs. 20 lakhs, envisages the construction of a transit building to accommodate scientific officers temporarily till they get general pool accommodation.

CSO: 4600/1853

BUDGETARY RESTRICTIONS ENDANGER STEEL PROJECTS

Visakhapatnam Plant

Bombay THE TIMES OF INDIA in English 24 Feb 83 pp 1, 9

[Article by G. K. Pandey]

[Text] NEW DELHI, February 23--THE prestigious Visakhapatnam steel plant project is in a quandary. The plan allocations for this plant for 1983-84 are so meagre that it will be impossible for the authorities to honour even the commitments already made.

While the investment schedule, already approved by the government, envisages a provision of over Rs. 900 crores during the next financial year, the planners, it is reliably learnt, have cut down the allocation to a mere Rs. 200 crores. The reason for this is the familiar constraint on resources.

This cannot but mean an unconscionable delay in making any further progress on a prestigious project on which over Rs. 500 crores have already been spent. In fact, in the opinion of some, it amounts to a virtual abandonment of the project unless fresh resources are available.

The finance ministry and the Planning Commission sources confirm that the delay in the implementation of this project, started with a fanfare, would be serious.

Keeping in view the importance of this project in meeting the domestic steel requirement during the seventh plan period, official circles hope some way would be found to cross the hump. It is stated that alternative sources of financing the project could be explored. There are several offers from foreign banks and other institutions for financing of other new steel plants. Some of these offers could be explored for the Visakhapatnam project. This alternative is believed to be receiving the attention at the highest level.

Any delay in the implementation of this project could prove disastrous. First, because the delay would mean a steep escalation in cost and, secondly, it would lead to a wider gap between availability and demand for steel during the seventh plan period. The country has already paid a heavy price for making up the shortfall in the supply of steel through expensive imports.

Even now, as a result of the inflationary pressures, the cost estimates of this integrated steel plant with a proposed capacity of 3.4 million tonnes liquid steel have moved up from the original estimate of Rs. 3,897 crores to approximately Rs. 5,000 crores. A further delay of three to four years may escalate it to Rs. 10,000 crores, according to steel experts.

Although it is difficult to work out precisely the production and interest losses on account of slippage in the completion schedule, experts feel the two could roughly account for a loss of over Rs. 50 crores a month.

It is thus of the utmost importance that the project is completed within the approved time schedule of five to six years, keeping in view the tight time frame. The project authorities, in anticipation of funds, had placed orders for equipment and structurals, both on indigenous and as foreign vendors.

Rashtriya Ispat Nigam, it is learnt, has already placed orders for nearly 70 per cent of civil and construction works. Besides, sizeable orders have been placed for other equipment, including refractories.

What is worse, the project authorities had recently finalised negotiations with various parties for the supply of sophisticated equipment and other materials worth about Rs. 180 crores. It might not be possible now to go ahead with this unless the government finds some alternative source for funding this project.

As envisaged in the original investment schedule approved by the public investment board, the task of ordering the entire range of equipment and structurals was to be completed during 1983-84. This, however, does not appear to be feasible. Judging from the present state of affairs, the authorities are in a fix.

The bulk of the plan allocations for 1983-84 might have to be spent in honouring the commitments made during the current year. As a result, the authorities would face serious problems in executing the project.

The construction schedule envisages commissioning of the 3.4 million tonnes plant in six years from the zero date, that is February 1, 1982, with facilities for producing 1.2 million tonnes of liquid steel being commissioned in four years.

Several new technologies are proposed to be adopted in this plant for the first time in the country. These include installation of seven-metre-tall coke oven batteries, selective coal crushing and dry quenching of coke and installation of 3200 cubic metre blast furnaces.

The Soviet Union, besides extending technical assistance, had agreed to provide financial assistance to the tune of Rs. 400 crores.

Other Projects Named

Bombay THE TIMES OF INDIA in English 2 Mar 83 p 9

[Text]

NEW DELHI, March 1.

THREE appears to be an uncertainty regarding the setting up of steel plants at Vijayanagar and Daitari, judging from the financial allocations made for the steel sector in the budget proposals for 1983-84.

While no money has been earmarked for the Daitari project, the allocation for Vijayanagar is merely Rs. 1 lakh. The worst affected, however, would be the Visakhapatnam steel plant project. Expectations of additional allocations for this project have been belied. According to the plan budget, Rs. 187 crores have been allocated for this project, though the Rashtriya Ispat Nigam had asked for Rs. 950 crores.

In view of the commitments already made, including placement of orders with Soviet suppliers, the project authorities are believed to be totally at a loss. Even if the project has to be rephased, the government will have to find some way to bale the project authorities out of the crisis created in the wake of the sharp cut applied by the finance ministry and the planning commission to the allocation of Rs. 950 crores sought for this project.

No one in official circles is inclined to explain the reason for the go-slow on this project after spending over Rs. 500 crores. Could there be any political consideration, every one is asking. On purely economic considerations such a decision could never have been taken.

Inquiries from the planning commission show that the steel ministry had asked for an allocation of Rs. 1,300 crores, while the actual allocations made is Rs. 820.37 crores. Of this the budgetary support will Rs. 500 crores.

There was no scope for curtailing expenditure on the Bhilai and Bokaro expansions which are in the final stages of completion.

An outlay of Rs. 160 crores has been provided for the Bhilai steel plant, which includes Rs. 130 crores for the expansion to the four-million-tonne stage scheduled for completion by March, 1984. Rs. 17 crores for additions of modifications and replace-

ments and the balance for continuing schemes, including townships.

Out of the approved outlay of Rs. 217.37 crores for the Bokaro steel plant, Rs. 140.37 crores relate to the expansion to the 4-million-tonne stage, which is scheduled to be completed by November, 1983, except for the cold rolling mill complex, which is expected to be ready by December, 1984; Rs. 40 crores to the captive power plant, the three units of which are likely to be commissioned by September, 1983, January 1984, and May, 1984, respectively; Rs. 20 crores to the Meghababuburu iron-ore project and the balance to additions, modifications and other continuing schemes.

The outlay of Rs. 67 crores for the Rourkela steel plant includes Rs. 18 crores for the silicon steel project which is expected to be completed by September, 1983, Rs. 25 crores for the 2 x 60 MW captive power plant, the first unit of which is scheduled to be commissioned by May, 1984, and the second unit by November, 1984, Rs. 4 crores for installation of additional half coke oven battery No. 58 and the balance is for additions or modifications, township, etc.

POWER PLANT

The bulk of the outlay of Rs. 42 crores for the Durgapur steel plant is for the captive power plant (Rs. 16.50 crores) and additions, modifications and replacements (Rs. 24 crores).

The first 60-MW unit of the captive power plant is likely to be commissioned by September, 1983, and the second unit six months thereafter.

Out of the outlay of Rs. 10 crores for the alloy steel plant, Rs. 6.83 crores are for stage II expansion and Rs. 2.50 crores for additions, modifications and replacements.

Other important outlays are Rs. 23 crores for the Indian Iron and Steel Company, Rs. 10 crores for the Salem steel plant and Rs. 8.40 crores for research and development.

An outlay of Rs. 44 crores has been fixed for the Kudremukh iron ore project, including Rs. 41 crores for the pellet plant at Mangalore, which is likely to be completed in April, 1984.

CSO: 4600/1842

DETAILS OF 'BREAKTHROUGH' IN ROCKET TECHNOLOGY TOLD

Calcutta THE STATESMAN in English 8 Mar 83 p 7

[Text]

BANGALORE, March 7.—French-trained Indian scientists have achieved a breakthrough in rocket technology by indigenously developing a high-thrust "Vikas liquid engine", which is expected to put the one-ton Indian Remote Sensing satellite into the Sun-synchronous polar orbit 900 km above the Earth in 1986, reports PTI.

The super precision engine was built using exotic metals like cobalt, aluminium, steatite and stainless steel which could withstand high temperature and pressure, according to scientists at the liquid propulsion projects division of the Indian Space Research Organization here.

Through an agreement with the French firm, Societe Europeene de Propulsion, ISRO engineers participated in the Viking rocket engine development programme of the European launch vehicle Ariane gained the technology and know-how. In exchange for this training, the ISRO exported high quality pressure transducers.

The space scientists, who appreciated the technical capability of various public and private sector industries, told reporters that they had maintained superb quality control and accuracy in the manufacture of vital components. They said while the first rocket engine was ready two years in advance the second engine would be completed by July this year.

The scientists claimed that the quality acceptance levels are of

very stringent aerospace standards and these tolerances have been successfully achieved for the first time. During the course of realizing this engine, a few fabrication technologies have also been developed. This include the drilling of 1400 propellant orifices in the injector and achievement of high precision welding required in cobalt-based alloys.

More than 2500 elements form four subsystems of the Vikas engine which could produce a 4000-horsepower thrust with its turbo pump running at a speed of 9600 rpm and burning more than 250 kg of fuel a second, according to Mr Gnanakanti, deputy programme director, liquid propulsion projects of ISRO.

Explaining the intricacies involved in the alignment of the rocket, Mr Gnanakanti said laser beam technology was adopted in the alignment work. The Jimbal system adopted here would help in adjustment of thrust direction. He said the engine has undergone tests at the Vikram Sarabhai Space Centre at Trivandrum. It will be sent to France for further tests.

Mr Gnanakanti said that though it took two years for the space engineers to develop the first engine, engines of such kind could now be developed within six to seven months as everyone involved in the development of the engine has got familiarized with the work.

CSO: 4600/1860

RECORD DROUGHT REPORTED IN TAMIL NADU

New Delhi PATRIOT in English 7 Mar 83 p 4

[Text]

MADRAS, March 6 (PTI)—One of the worst ever droughts, following failure of three monsoons in a row, stalks Tamil Nadu, inflicting untold misery on the people.

Reports from PTI correspondents in the districts tell a woe-ful tale of acute water scarcity, withering crops, parched irrigation tanks, baked and broken paddy fields, soaring prices of fodder, distress sale of cattle and people fleeing the neighbouring States.

Realising the gravity of the situation, the Government has taken steps to deal with it on a war footing. In a bid to provide drinking water to drought-hit areas, Chief Minister M G Ramachandran recently announced that the State's self-sufficiency scheme and integrated rural development programme would be held in abeyance for a month and the funds and staff would be diverted for execution of water supply schemes.

In the past, Thanjavur, the rice bowl in the Cauvery delta, had remained a green oasis whenever drought afflicted the state. But this time it has not been spared.

A white paper on drought placed on the table of the State Assembly by the Revenue Minister says "Thanjavur district, called the granary of South India, which normally escapes the

clutches of drought situation has also been severely affected." It said Mettur reservoir in Salem district, the largest irrigation source in the State with a capacity of 93.5 TMC ft had only 4.6 TMC ft storage — "one of the lowest levels in the history of the reservoir."

A Thanjavur report says out of the seven lakh hectares of Samba crop, normally yielding one tonne paddy per hectare, the yield in three lakh hectares is expected to be only half the normal.

With even farmers driven to fair price shops for foodgrains, the offtake in these shops has sharply risen and the Government is hard put to feeding the public distribution system. So it has sent an SOS to the Centre for the supply of 85,000 tonnes of rice per month till the crisis is tided over.

The rains were not only very poor in quantum but were unhelpful in terms of seasonality. Consequently there is considerable shortfall in the area under cultivation of various crops resulting in substantial loss of production and the agricultural and allied operations touched the lowest ebb.

Drought conditions prevail in all the districts of the State in varying degrees of intensity, the worst hit being the Karur-Dindigul belt covering Madurai and Tiruchirappalli districts. Pudukkottai district faces the world drinking water problem.

CSO: 4600/1859

BRIEFS

INDO-GERMAN TAX AGREEMENT--BOMBAY, March 2--A revised Indo-German agreement for the avoidance of double taxation will come into force by January 1, 1984, as a result of the negotiations which were held during the first half of February, 1983. The new agreement will result in a reduction of tax at source in the case of payments for documents and blue-prints as well as payments made for technical services rendered. Tax at source on dividends and interest have also been brought down. Building sites and assemblies will now be considered permanent establishments only if they exist for more than six months. The Indo-German Chamber of Commerce has welcomed the new agreement, since the present double taxation agreement has been obsolete in many respects. [Bombay THE TIMES OF INDIA in English 3 Mar 83 p 23]

RAJ NARAIN TO JANATA--REWA (M.P.), March 6--Mr Raj Narain, Democratic Socialist Party leader, formally joined the Janata Party at a meeting here today, reports UNI. The meeting was attended by the Madhya Pradesh Janata Party Chief, Mr Yamuna Prasad Shastri, and Mr Sharad Yadav and Mr Chandra Shekhar Singh of Varanasi, both former M.P.s. [Calcutta THE STATESMAN in English 7 Mar 83 p 1]

PRC LEGAL DELEGATION--BOTH China and India had a common cause in trying to improve their economy, fighting colonialism and imperialism and striving to safeguard world peace. Mr Zhu Jianming, the leader of the 10-member Chinese legal workers' delegation to India and Vice-Chairman of the Legal Society and Vice-Minister of the Ministry of Justice of China, said in Calcutta on Tuesday. Mr Jianming was speaking at a tea party hosted by Mr Hashim Abdul Halim, Speaker of the West Bengal Legislative Assembly. The leader of the delegation said that China and India had a long history of good relations. In recent years friendly ties between the two countries had strengthened. Last year, an Indian delegation from the Bar Council of India had visited China. The Speaker, Mr Halim, said that the people in China had brought about a change in their lives through a long struggle. In Calcutta--a city with a history of struggle behind it--the people were also striving to bring about a change in the system. China and India had many things in common and "we should come closer in a bond of friendship." Mr Halim presented the replica of a "Veena" to Mr Jianming. The Chief Minister, his Cabinet colleagues and a large number of legislators were present at the reception. The team will leave for Bhubaneswar on Wednesday. A Legal Reporter adds: The members of the Chinese lawyers' delegation visited the office of the Bar Council of West Bengal and

the City Civil Court, Calcutta, on Tuesday. They watched the proceedings in a civil suit in the court of the Chief Judges, Mr S. P. Das Ghosh, of the Calcutta City Civil Court for a few minutes and then left for Calcutta High Court. [Calcutta THE STATESMAN in English 9 Mar 83 p 3]

CSO: 4600/1861

ISLAMIC RULE HAILED AS 'SECOND ISLAMIC STATE IN HISTORY'

Tehran TEHRAN TIMES in English 31 Mar 83 pp 1, 3

[Article by Ali Zulfiqari]

[Text]

APRIL 1, 1979, the day of declaration of the Islamic Republic in Iran, marks the greatest event in the history of Islam since the Messenger of Islam, Muhammad ibn Abdullah, upon whom be God's peace and benediction, announced his prophetic mission 1400 years ago. Since the Islamic state founded by the Prophet in Madina, the second Islamic state in the history of Islam had come into existence. Islam had at last emerged brilliantly victorious from behind a dark cloud of monarchies and misrule of Moslem domains by tyrants and taghotti rulers extending over a period of fourteen hundred years.

The good tidings revived the hopes of Moslem masses of the world as nothing had done for centuries. The superpowers and their lackeys throughout the world, specially the kings and dictators in the Moslem countries, heard it as if it were the news of their own death warrant.

Victory of the Revolution on February 11 earlier the same year was a shock to Western friends of the Shah. But the declaration of the Islamic Republic on April 1 changed the course of contemporary history. The world would not be the same again, either for the Moslems and friends of Islam or for its enemies. April 1 brought the first great disappointment to the West that hoped to see the formation of a western-style secular democracy in a Moslem country. Iran had negated the very politico-cultural basis of neo-colonialism that the Western civilisation had devised as an elaborate socio-political game to deceive generations of human beings throughout the world.

The propaganda machine of Western imperialism that expected to see some familiar political scenario repeated in Iran was switched on to commence the blackest campaign in the history of journalism to end the life or at least to cripple the new-

born child on world's political scene: the Islamic State. "A baby ogre or cyclop has been born," so was the news of the celestial political being proclaimed by the devilish loudspeakers.

The first quiver of fear ran down the backs of internal worshippers of the Eastern and Western superpowers and devotees of Eastern and Western cultures as more than twenty million Iranians (98.2%) declared their YES for the Islamic Republic, for which more than 70,000 martyrs had sacrificed their lives. Though it took another eleven months before the constitution of the Islamic Republic was ready for referendum, the course of future was clear for all committed to Islam. It was obvious that the Islamic Republic would assume the form and shape as envisioned by the Quran and the teachings of the holy Prophet. It might take years of struggle and effort before the ultimate goal was approached but the nation had discovered its path. None except the blind and the deaf to the celestial song of Quran would entertain any alternatives. None except the deviate would scheme to divert the Moslem nation from the path it had chosen. None except those made deaf to the Voice of heaven would pay heed to the call of the Devil.

The First of April fixed the direction in which the Moslem world was to move in future. Henceforth the pundits in Washington and Kremlin would have rewrite their books on the Middle East and the Islamic world. All political calculations and analyses and socio-historical forecasts would have to be begun anew. Across the heavens from the East to the West a huge questionmark emerged about the hitherto confidant predictions about the Western civilization and Islam. A library of books produced by generations of servile scholarship will have to be scrapped; CIA and KGB would have to re-orient their infernal studies.

For the first time after 30 years, the future of the Zionist regime occupying Palestine had encountered a serious threat: an Islamic state unwilling to compromise the honour of Islam and Moslems at any price whatsoever. Zionist politicians had earlier described the Islamic Revolution as an earthquake whose shocks had been felt all over the world. In fact it was a down-pour from the heavens which would bring about a global flood that shall wipe out all oppressors and tyrants from the face of earth in fashion of the flood of Noah.

The return of religion and the glorious Name of God on the scene of politics was baffling to a blasphemous West and East. The re-emergence of righteousness and the values of justice and truth into the politico-social arena in a morally degenerating

world bore the good-tiding that at last deliverance had come to mankind and that man would be saved in spite of the ignorance, arrogance and greed that had dominated him for centuries. Mankind would at last achieve liberation from the enslaving forces of greed, lust, selfishness and disbelief. April 1 was the first sign that God in His infinite mercy had turned again to liberate man from his folly and to change mankind's movement from towards hell of materialism to the paradise of spiritual glory.

Man had been discovering Divine laws that controlled the changes and movements in the world of matter and living organisms. He had discovered the Divine scheme that hid under the cover of appearances. It was now time for him to surrender to the will of God and order his own spiritual, political, social and intellectual life according to the commands of God brought by the Divine Messenger. Is it not to Him that all sovereignty and kingdom of life and matter belongs?

Say: 'O God, Master of the Kingdom, Thou givest Kingdom to whom Thou wilt, and sebst the Kingdom from whom Thou wilt, Thou exaltest whom Thou wilt, and Thou abasest whom Thou wilt. In Thy hand is the good. Thou art powerful over everything' (Quran, III, 26)

CSO: 4600/515

PAPER SAYS 'SOVIETIZATION' OF AFGHANISTAN PLAN WILL FAIL

Tehran TEHRAN TIMES in English 28 Mar 83 p 1

[Article by Faheem Shirazi]

[Text]

THE Nazis are back; and this time it is Afghanistan. Adolf Hitler and his fascist clique have not only survived but multiplied in such diverse places as Kremlin, Washington, Tel Aviv and Pretoria and other capitals. The outer forms may be different but the substance is same: love of power and domination, merciless extermination of innocent men, women and children, and willingness to sacrifice the last shred of their humanity for the sake of political and military subjugation of peoples.

The advent of the spring is a happy call of life and the news of resurrection of dead nature. Not so for the Nazis. For them it is time to kill. Time to resume bombardment of homes, torture and extermination of innocent opponents of their devilish will.

As snows melt on hillsides and marshy land begins to dry up, the will to kill, destroy and subjugate revives in the vampires of Moscow. It is time to launch new offensive against the obstinate men, women and children who refuse to submit to the will of the Czar and bow down in front of the altar of Marxism-Leninism.

During the winter, the Russians had already begun a countrywide campaign to wipe out villages on the side of roads in order to protect their convoys from the attacks of Moslem Afghan revolutionaries.

In the logic of the Nazis, it is necessary to wipe out villages and exterminate or drive out civilians, for their absence hampers guerilla activities. In Afghanistan, as in all guerilla wars in countries occupied by foreign aggressor armies throughout history, the resisters depend on civilians for food, shelter, medical care and intelligence. Marx and Le-

nin, the gods of the Soviets, do not disapprove of such a logic. "The end justifies the means." The end is to subjugate a Moslem nation to the will of the Marxist Czar and add another dominion to the Soviet empire. The end, in short, is the Sovietization of the Afghan nation.

In fact the Russians have already commenced such a programme which aims to turn out an "Afghan" elite educated in the Soviet Union to run the presaged "Afghan Soviet Socialist Republic" of tomorrow.

Ironically, the Soviet aggression has sent more than 4.5 million – a quarter of the Afghan nation – into exile in Pakistan and Iran. The more than 1.5 million Afghan brethren in Iran have become luckily the students of the Islamic Revolution. Since the Soviet aggression, the Moslem nation of Afghanistan has steadily derived inspiration from the Islamic struggles of the Iranian Moslems against the U.S. and its puppets. They have learnt well that only with the establishment of an Islamic state can their true independence and self-determination be guaranteed. Living next door to the Divine Revolution, they have understood that only an Islamic state can successfully resist superpower pressures undo their intrigues and even challenge them. The conviction has sunk into their hearts that only an Islamic state can offer the real honour and independence cherished by all freedom-loving nations. Millions of Afghan youths have lived in Iran since the Revolution and watched the spectacle of collapse of the Pahlavi regime. They have gleaned a first-hand knowledge of the ways and means used by Iranian Moslems to drive out the United States from one of its most invincible colonial strongholds in the world. They have witnessed the most important and vital truth uncoil before their eyes: the power of Islam and the vulnerability of superpowers.

The Soviets will succeed in "Sovietization" of Afghanistan if the Nazis, their peers, had succeeded in Germanization of the Eastern Europe and France. The Soviets will succeed if Changiz Khan had succeeded in Mongolization of Iran and Moslem lands. The Soviets will succeed if the British had succeeded in Anglicization of India. The Russians will succeed if the Zionists succeed in Judacizing Palestine.

All Nazis are bad learners. For the spirit of Nazism, which today infuses the Zionist, Soviet and U.S. leaders, understands only one lesson: the lesson of destruction. History is a ruthless teacher, and its last lessons are yet to begin.

IRAN

NVOI COMMENTARY ACCUSES PAKISTAN OF 'ANTI-IRANIAN' ACTIVITIES

TA132030 National Voice of Iran (Clandestine) in Persian 1730 GMT 13 Apr 83

[Unattributed commentary: "Anti-Iranian Preparations in Pakistan"]

[Excerpts] Dear compatriots: The onslaught by the rightists, the CIA-afflicted Hojjatis and the superficials against the true forces of the revolution, particularly the Iranian Tudeh Party, must be assessed and studied not only from the standpoint of the escalation of struggle between two attitudes toward the revolution's aims, the principles of the constitution and Islamic standards, but within the context of plots which are currently being hatched against the system of the Islamic Republic of Iran within the country and abroad.

In conjunction with the preparations that are being made by the foes of the revolution within the country, it should be pointed out that recently world-devouring America and regimes dependent on it, especially in the region's Arab countries and in Turkey and Pakistan, have embarked on a series of broad measures aimed at carrying out conspiratorial plans against revolutionary Iran, and consequently at overthrowing the system of the Islamic Republic of Iran.

It is not without reason that precisely on the eve of the preparation of all these plots, some of the mouthpieces of the rightists, the superficials and the masked elements of the United States, by constantly talking non-sense and insulting countries that are the friends of the Iranian revolution, and by fanning the anti-Tudeh and anticomunist climate, want to throw sand into people's eyes and divert public attention from the serious danger which the counterrevolution has posed to the Iranian revolution.

One of the main sources and centers of conspiracy against revolutionary Iran is this same Pakistan of Mr Ziaul Haq which some officials, whether wittingly or unwittingly, are striving to portray as the friend of Iran. Available reports indicate that by taking advantage of the Pakistani Government's direct support, certain counterrevolutionary groups and minigroups have started large-scale preparatory activities on the Pakistani-Iranian borders. By utilizing the financial and military aid of the United States as well as of Arab reactionary regimes, such as those of the Saudis and Qabus or the regime ruling over Egypt, Pakistan has granted protection to all the

counterrevolutionary fugitives and opponents of the system of the Islamic Republic of Iran in Pakistan.

It is said that if in the past Ziaul Haq's regime was to some extent outwardly indifferent toward the Iranian counterrevolutionary fugitives or the opponents of the Islamic Republic of Iran, now it is openly supporting these counterrevolutionary groups and minigroups. Reliable sources have reported that thousands of these counterrevolutionary and fugitive Iranian elements are currently being trained in centers and camps that Ziaul Haq's regime has established in Pakistan, so that later they would participate in subversive activities against revolutionary Iran. Indications are that Ziaul Haq's regime has settled thousands of these counterrevolutionary groups and minigroups, such as the band of the executioner Gholam 'Ali Oveysi as well as that of Shapur Bakhtiar, are actively seeking to attract these individuals to implement their subversive plans in Iran. [sentence as received]

These same sources report that most of these Iranian counterrevolutionary or deceived elements are stationed in special camps in Pakistan after receiving the necessary training. However, some of these elements who have first been brainwashed are sent to special camps and centers in Saudi Arabia, Oman and other Arab countries that are opposed to the system of the Islamic Republic of Iran.

Another report indicates that a number of counterrevolutionary elements and opponents of the Islamic Government of Iran who have been able to escape via Turkey have recently arrived in Oman. Qabus' trip to America and his talks with Reagan are undoubtedly linked to America's conspiratorial plans against Iran via Oman, and to utilizing these Iranian counterrevolutionary fugitives.

Advisers who are engaged in training Iranian counterrevolutionary fugitive elements in Pakistani and Omani special camps are generally from America, Pakistan, Britain and Egypt. Some of these elements who are sent to Iran to carry out subversive activities have even received training in special schools in America. Thus, we are witnessing the preparation and implementation of a series of subversive plans against our Islamic Republic within the country and abroad. It is noteworthy that all these plots are being carried out in the aura of an anti-Tudeh and anticomunist propaganda campaign in accordance with America's and Brzezinski's plan and by the hands of the ignorant friends and wise foes of the Iranian revolution.

Onslaught against the true revolutionary dissenting forces loyal to the Islamic Republic of Iran is the curtain-raiser of this drama which the rightists, the Hojjatis and the superficials have prepared in alliance with their American masters. Our ever-on-the-scene people and all true revolutionary forces, both religious and nonreligious, must act in a revolutionary and consistent manner in the face of this massive plot by the counterrevolution and world-devouring America.

CSO: 4640/173

TUDEH PARTY LEADER INTERVIEWED BEFORE RECENT ARREST

Paris REVOLUTION in French No 156, 25 Feb-3 Mar 83 pp 24-26

[Interview with Noureddine Kianouri, secretary general of the Tudeh Party, by REVOLUTION; date and place not specified]

[Text] On 6 February, Noureddine Kianouri, secretary general of the Tudeh Party, was arrested in Tehran with other party leaders. A few weeks earlier we had requested an interview.

[Question] The Iranian Revolution is 4 years old. It has been a great success for the anti-imperialist movement. Can you describe for us the consequences of the changes by which the revolution has been marked both domestically and in international policy?

[Answer] At the end of 4 years in existence, the Islamic Republic of Iran [IRI] is still the most important result of this powerful antimonarchic, antiimperialist, people's revolution. Today the Iranian revolution is still one of the international issues of greatest concern for many forces throughout the world. On the international level, the achievements of the revolution can be summed up as follows:

The Iranian revolution wiped out one of the largest bases of world imperialism in a region which is very important strategically: the Persian Gulf.

As we know, the United States held the keys to the economy, the army and the government in order to retain this important base. They were equipping the Iranian army with very sophisticated equipment and more than 50,000 American military advisers were there to exercise American imperialism's political, military, economic and cultural domination over Iran.

Iran's economic importance to world imperialism and especially to the United States must also be noted. Indeed, in the Shah's time, Iran was the second largest petroleum producer in OPEC, producing more than 300 million tons of crude oil per year.

The third aspect of Iran's importance to the United States is the strategic location of the country which has close to 2,000 miles of borders with the USSR.

Iran was the major link in the chain which connected NATO to the military systems in the south and Southeast Asia. In fact, Iran, as the chief member of CENTO [expansion unknown] along with Turkey and Pakistan, served as a link between NATO and SEATO [expansion unknown]. The major equipment used to spy on the USSR was located in Iran.

All these details made the fallen Shah's Iran not only a land of neocolonialist pillage, but also one of the most important strategic bases for world imperialism led by American imperialism. The Iranian Revolution destroyed this base and neutralized all the plans of world imperialism in this important region of the world.

Petroleum, the country's chief source of revenue, was removed from the hands of imperialist monopolies. Many contracts imposed by imperialist countries were cancelled. Thus, a hard blow was struck to American and world imperialism's political, economic and military interests. In leaving the camp of countries pledged to imperialism, Iran rejoined the movement of non-aligned nations.

The revolution has enabled considerable change in the country's domestic and social policy. It overthrew the 2,500-year-old imperial system to establish the basis for a republican system based on the people's opinion and their vote. The principal leaders of the former regime and the most important agents of imperialism have fled the country or have been sentenced and condemned by revolutionary courts. Most of the officers loyal to the United States have been thrown out of the army and some perpetrators of crimes during the shah's era have been shot. Savak, the horrifying organization of secret police trained by the CIA and Israel's Mossad, has been disbanded. The National Assembly and the Senate have also been dissolved. The agents of imperialism who were their members and former ministers no longer have the right to serve in public office. The private banks have been nationalized. The great wealth of the imperial family and the large property owners who formed the court has been confiscated and made available to revolutionary institutions. The large industries whose owners were indebted to the banks (close to 70 percent) have been nationalized. According to the wishes of the working masses in the cities and countryside, the Revolutionary Council has adopted a series of laws favoring workers and limiting opportunities for capitalist pillage.

These advances were incorporated in the constitution and confirmed to a remarkable extent by the millions of votes for this constitution which is a historic document in which the foundations for the principal goals of the revolution and the IRI, in other words independence, freedom and social justice, have been incorporated.

Basic changes have taken place in the government. Representatives of the middle class and members of the clergy who depend upon it have been placed in the key power positions in the state, both executive and legislative. They are replacing representatives of the former ruling class. These are the major achievements of the glorious revolution of the people of Iran. They were chiefly made during the first 2 years of the revolution.

[Question] However, these positive results do not exclude the growth of internal struggles between the forces which supported the revolution. Extremely radical repression and numerous executions are still standard practice. The Tudeh Party of Iran seems to have been the target of some disturbing measures. Must we not make a connection between this situation and the desire of certain people to weaken the Iranian Revolution?

[Answer] This is a key question in Iran's political situation. A very wide range of social forces participated in the Iranian Revolution.

The lack of political organization and of a program to channel the people's explosion was one of the characteristics of the Iranian revolution. The Imam Khomeyni, an influential and unrivalled figure, was placed at the head of the revolution. He had very specific slogans for destroying the old regime (overthrowing the Shah's corrupt system, eliminating world imperialism's stranglehold and establishing an Islamic republic in Iran), but he did not suggest a specific program for reconstruction. This is why each group gave a different meaning to the general slogan of "Islamic Republic."

The lack of consensus among revolutionary forces on reconstruction enabled enemies of the revolution to set their plans in motion. Despite the blows dealt to them through the deposition of the liberal bourgeois government and Bani Sadr-Ghotbzadeh's group, the rightwing forces, which challenge neither world imperialism nor capitalism on a countrywide scale, have been able to gain strength by using the differences of opinion among the revolutionary forces; differences which existed not only between the Moslem soldiers and the non-Islamic Left (including the Marxists), but also within the ranks of the Moslem soldiers themselves. The provocation of inside agents of imperialism (the fifth column) who claim to be "Leftist" and the errors of a large number of the anti-imperialist and people's forces which resulted in a policy of confrontation toward Moslem soldiers faithful to Imam Khomeyni's line must also be taken into consideration. These errors aided the Right and enabled it to deal severe blows to all the revolutionary forces.

This is a reality which we have been experiencing, especially for the past year. While attacks have decreased considerably, restrictions in the area of personal and social freedoms and political pressure on the Islamic forces, especially the forces of the Left, are increasing daily. These are aimed not only at the forces which defended these terrorist acts, but also at those who have condemned them from the beginning.

From the very first days of the rise of the revolutionary movement, the Tudeh Party of Iran, correctly evaluating the forces participating in it and their political leanings, chose as its policy to support the anti-imperialist and popular line of the Imam Khomeyni and his supporters and has followed this with determination. This is why it is the target of attacks by enemies of the revolution. Our party has adopted the slogan of a united front of people, including all anti-imperialist and popular forces, Moslem or other, and has worked with perseverance to achieve it. Based on the experience of its 40 years of struggle and on that of other revolutions, our party has opted for

a policy of union and criticism with regard to all anti-imperialist forces supporting the deprived. We have tried to help the other progressive and popular forces to correct their mistakes, especially in selecting the political path to follow. The remarkable political development of the People's Fedayin can be counted as the first important step in the process of resolving the differences among the people's forces. This organization, which includes a large share of the young revolutionaries supporting scientific socialism, has moved from sectarian and leftist positions to a fair stand on the revolution and internationalism. Over the past year, the first signs of increased attention to the importance of building a front which will unite them with non-Islamic revolutionary forces have been seen among the Islamic revolutionary forces. We can hope that the intensification of imperialist pressure in the region and the discovery of the coward's activities and their increasing role in the IRI may accelerate this process of unity.

[Question] The war between your country and Iraq continues. It has already taken many victims. Hasn't it also dealt severe blows to the economy? What means so you see for putting an end to it?

[Answer] It is true that the war unleashed by American imperialism, which began through the aggression of Iraqi forces in Iran's most sensitive economic and strategic regions and which has lasted for close to 3 years with no prospect of ending, has caused heavy human and material losses to both sides.

To these heavy losses must be added, and perhaps this is the most important thing, the war's harmful effect on the process of stabilization, strengthening and development of the Iranian Revolution on the domestic level. Aside from weakening revolutionary Iran, the Iraqi aggression unleashed by United States provocation had two objectives:

- to create an artificial hostility between Iran and its Arab neighbors and thus to minimize the influence of the Iranian Revolution in countries dominated by imperialism and reaction;
- to slow down the growth process of the revolution in Iran.

Through "support" of the revolution, the forces of the Right which already occupied the key posts in the economy were also able to obtain the major posts in the revolutionary institutions. They have thus been able to profit cleverly from the internal problems caused by the war and imperialism's economic blockage and to slow the development of the revolution.

Today we see clearly that imperialism has obtained several of its objectives through this war.

The Tudeh Party of Iran has always supported the need to militarily compel the Iraqi aggressors to evacuate occupied territories; but, at the same time, under current conditions it thinks that prolonging this war is now only profiting world imperialism and Israeli Zionism.

[Question] Very generally, what type of political outlook are you suggesting to the people of Iran? Where is the Tudeh Party of Iran located in relation to the various political and social forces in Iran?

[Answer] It is difficult to answer this question because the Iranian revolution is passing through one of its most complex periods. The forces of the Right have definitely strengthened their attacks on domestic policy and on the economic, cultural and social level this year. They have taken important positions away from forces supporting the revolution.

Social and political freedoms and the freedom of expression are being trampled on more and more often, especially when they involve the true revolutionary forces of the Left. Any political activity on the part of leftist Moslems or supporters of scientific socialism has become impossible. According to laws passed by Parliament, the activities of political parties and the press are relatively free. But, they have been made impossible by the forces of the Right which occupy the key posts on the revolutionary courts.

In international policy, although the United States and Israel and more recently France officially remain the number one enemies in propaganda, economic agreements with the imperialist world, especially Japan, Western Europe, Turkey and Pakistan, are developing more and more often. Similarly, a growing anti-Soviet campaign has developed in government circles propaganda and in the country's foreign policy. Its aim is to promote belief in the significant danger of the USSR and communism in order to encourage acceptance of the change in the IRI's foreign policy.

On the economic level, practically no basic and essential measure for social justice has been achieved and, on the other hand, there have been many advances in the direction of capitalist interests. Property owners who had fled the country are returning and, with the assistance of government authorities, are taking back from the peasants the land that they have cultivated for the past few years. Many recently nationalized plants have been returned, one after another, to their former owners. The high cost of living, due to the pillage of the great capitalists, is an ever heavier burden on the people.

However, in the face of this situation, developing the political awareness of the masses, especially the workers, intellectuals and peasants, is an important part of countering the forces of the Right. Under these conditions, the popular and progressive forces, the supporters of revolutionary Islam and the supporters of scientific socialism bear a historic responsibility. Of course, the largest part of this responsibility is borne by the Moslem revolutionary forces who have considerable influence over the masses. If, in this decisive period, the forces which desire freedom, independence and social justice can join together in a united front taking their historic responsibilities and the support that they would find in the layers of society which want radical change and defeat of the right into account, then the revolution will continue on the glorious path which it began 4 years ago.

The solution that our party is proposing for the current crisis is a united front including all the Moslem revolutionary forces, the supporters of scientific socialism and the other patriotic forces. Only a front such as this based on the country's popular masses and the world anti-imperialist movement will be able to bring the Iranian Revolution through the crisis and lead us to its prosperity.

9693

CSO: 4619/46

EDITOR , READER RESPOND TO 'NEWSWEEK' ARTICLE

Tehran TEHRAN TIMES in English 31 Mar 83 p 3

[Text]

The *Newsweek* magazine in its issue of March 21, 1983, published an article on Iran with the title "Khomeini's Young Martyrs". The article aims at projecting a false image of the Moslem youths taking part on the battle-fronts against the Ba'athist aggressors.

As everyone familiar with Islam and the history of the Islamic Revolution knows, the Islamic ideal of martyrdom has been the basic motive that mobilized the Iranian masses in their weaponless struggle against the regime of the ex-shah. The ideal of martyrdom signifies the Islamic commitment of a Moslem to welcome every sort of danger, even the danger to life, in struggle for the defence of Islam. The honour in which martyrs are held is not peculiar to Islam; but no school of thought or religion considers martyrdom as a means to attain the highest of personal and social goals at the cost of one's life as Islamic teachings enjoin. For a people without any sufficient material power or weapons to defend themselves or struggle for the achievement of their ideals there is no weapon as effective as the ideal of martyrdom. And this was demonstrated by the victory against the Pahlavi regime armed to the teeth and determined to save the U.S. puppet, the shah. Again during the course of Iraqi aggression against the Islamic Republic, the Islamic

ideal of martyrdom, proved its great value in face of the Ba'athist enemy armed and aided by all superpowers, and their puppets in the region.

Moreover, Western journalists don't understand the Islamic concept of martyrdom which means to a Moslem not death, but transition to a higher form of life. For materialists death is annihilation and love for martyrdom represents a form of Freudian death-wish. "Death-wish", regardless of the psychological validity of the Freudian concept, is an idea that may apply only in a God-less society like the West's, whose spiritual springs of life have dried up, and where life is no more than a monotonous journey of a cargo train loaded with greed, lust and selfishness through a God-less terrain. It is no wonder that the Western man should harbour a secret death-wish to escape an inner universe of spiritual despair.

In Islam death is not annihilation but transition and martyrdom represents the most honourable and glorious form this journey could take. Imam Khomeini with a life of personal sacrifice in the way of Islam, represents to the Iranian Moslems a supreme example of a living martyr. For the Imam through his struggles has already achieved that transformation and inner glory whose love aspires the desire for martyr-

dom in Iranian youth. A meeting with the Imam is enough to give the visitor that conviction.

However, every ideal is workable in its own environment, and the ideal of martyrdom can be realised only in a committed Moslem society and used to defeat the overwhelming material superiority of an enemy by the commanding spiritual commitment of devoted Moslems.

The *Newsweek* article intends to deride this ideal, the only weapon of the oppressed nation of Iran. It not only derides the ideal and those who follow it, it attempts to accuse the leader of the Islamic Revolution of not only callousness towards the lives of the nation's beloved youths but of cruel unconcern for Iranian PoWs by falsely alleging him to have "flatly ruled out any exchange of prisoners" saying, "I don't consider the PoWs to be true Moslems. They escaped. They didn't go to martyrdom"!

Every informed person in the world knows that Iran has repeatedly offered for PoW exchange and visits by the PoW families. Recently the Islamic Republic unilaterally freed a number of crippled Iraqi PoWs and has also unilaterally announced its readiness to receive the families of PoWs and has extended permission for Iraqi families to enter Iran with the guarantee

that their passports shall not be stamped on entry into Iran so that they may not face later harassment by the Ba'athist government

The imperialist news agencies had some time ago alleged falsely an Iranian foreign affairs ministry official as having made the statement about Iranian PoWs. Now the *Newsweek* has most impudently imputed the lie to Imam Khomeini. The world knows how the Iranians have treated the Iraqi prisoners of war. When they cannot deny their kind hospitality to the Iraqi prisoners, who have asked permission to be allowed to fight Saddam's forces with Iranian combatants, is it imaginable that the Islamic Republic can take such an inhuman attitude towards its beloved youths in Iraqi dungeons?

However, irrespective of whatever the truth may be, the imperialist media such as the *Time* and *Newsweek* will continue their venomous propaganda against the Moslems of Iran and the Islamic Republic as long as the Islamic Republic poses threat to U.S. interference in the Middle East region.

One of our readers has sent us a letter addressed to the editors of the *Newsweek* magazine about the above-mentioned article.

— Editor

LETTER TO NEWSWEEK EDITORS:

Gentlemen, it was with a sense of deep grief that I read your article entitled "Khomeini's Young Martyrs" in the March 21 issue of *Newsweek*.

Your magazine, like the *Time*, habitually carries fabricated stories aimed to soil the reputation of the Islamic revolution of Iran in the eyes of the world. It is only natural that the imperialist media should oppose such a revolution as took place in Iran. It is very understandable, gentlemen, that your magazing should strive to malign the honour of this Divine Revolution. You are bound by the determinism of your own history and inextricably bound to the service of its "interests". Your fabrications hurt you more than they can damage the Iranian

nation or the Moslems of the world. Lies are lies and they cannot diminish the Truth. If they scathe the reputation of this Islamic Republic they wound your bleeding souls.

But the distortions contained in your above-mentioned article caused me a sense of grief, for it is aimed at maligning the best and the most sublime that can emerge within the human spirit. I feel aghast at the total blindness to truth that is reflected in the article by the gentlemen Kin Rogal and Ron Moreau "reporting" from Paris—that den of anti-Islamic vampires.

Do these gentlemen really believe what they have written? Has it ever occurred to them that thereby they have distorted and slandered in the ugliest manner some of the most luminous and sublime features of some youthful human beings, the Moslem youths of this nation, to whom the article with cosy arrogance refers to as "uneducated youths from religious families". Has it ever occurred to them that it takes more than the education required for servile journalism to understand some kinds of rare (of course rare where the springs of human spirit have dried up) spiritual realities that have become a familiarity to these poor "uneducated" youths?

Gentlemen, I am not an uneducated person even from your standards. But these youths, whom you have tried to denigrate, produce in me the most stinging feeling of utter humility and pertinacity hitherto unexperienced. I am sure if you had known and experienced some things, which I am sure you have not, you would have written more carefully and lied with more caution. Has it ever occurred to you that you as a yes-sir-journalist assigned the duty to confabulate in the favour of the "interests of the United States of America" are more closer to "robot" in your inhuman commitment than those youthful servants of God willing to lay down their lives for the sake of the Divine Message that is the prime-mover of this revolution? Does it not occur to you that it is not Ayatollah Khomeini but God the Almighty Himself, who in the glory of His Majesty, "presides over the sacrifice" and loves it? And admires it?

Have you allowed yourself the alternative explanation that these youths with pure and unperverted hearts of theirs have struck some tangible lovable spiritual treasure unimaginable to those whose only means of mental upliftment is getting high on dope? Did you not hesitate before jotting down those vicious lines that thereby you might defile the most beautiful expression of the human soul? And the most lofty station open to God's creatures, and even "poor uneducated youths"? Have you not thought these lies further darken the vision of your myopic eyes and hurt your soul

more than they help to cloud the beautiful face of this revolution?

Lies and distortions, gentlemen, are not harmless; and when they attempt to defile the best in man, they result in the most injurious harm to the soul. Not just the harm, but they moreover represent the most serious of crimes that may not be easily expiated.

Let me tell you this gentlemen, your lies and distortions regarding this oppressed Moslem nation and its youths, remind one of these words of Jesus Christ:

Happy are the pure in heart; they will "see" God...

Happy are those who are persecuted because they do what God requires...

The Kingdom of God belongs to them.

Happy are you when people insult you and persecute you and tell all kind of evil lies against you because you are my followers. This is how the prophets who lived before you were persecuted... (Matthew 5,8-11)

Gentlemen on which side of the line drawn by the words of Jesus Christ you find yourselves and... find the Moslems of Iran?

This letter is written in the hope that you have still retained the capacity to think and hear. How harsh is the tone of gentle Jesus in these following words:

You hypocrite! First take the log out of your own eye, and then you will be able to see clearly to take the speck out of your brother's eye... Do not give what is holy to dogs—they will only turn and attack you. Do not throw your pearls in fronts of pigs—they will only trample them underfoot. (Matthew 7,5-6)

Gentlemen: This letter has been written with the sincere hope that it will be read by a human being at the Newsweek headquarters.

Mohainmad Reza Qarai
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CSO: 4600/517

TEHRAN SEEN TRYING TO WIN BACK FOREIGN BUSINESSMEN

Kathmandu THE RISING NEPAL in English 1 Apr 83 p 7

[Article by Bizhan Torabi]

[Text]

Paris (DPA):

"Accept our rule and we'll let you make a profit"—this apparently is the latest message being passed on by Iran's ruling mullahs to businessmen and managers both at home and in exile.

The government's new 44,000-million-dollar budget, which goes into effect at the start of the Iranian New Year on March 21, confirms a number of recent trends towards a more liberal economic policy.

It shows a deficit of between 12,000 million and 14,000 million dollars, which may prove even higher as oil prices plummet. Much of the deficit will be spent on creating new purchasing power, especially in urban areas.

The budget provides for generous subsidies to private industry, along with tax concessions to encourage investment. Businessmen are effectively allowed themselves to assess the "fair-tax" they ought to be paying.

"This is a clear break with the socialist-style

policies of the past four years", says one leading businessman with close links to the ruling clergy.

Other measures aimed at putting the economy back on rails have been taken in the past few weeks. Plans for the nationalisation of foreign trade have been shelved, apparently for good.

Two newly created state-owned contracting firms, set up to handle the bulk of government contracts, have been quietly disbanded. A draft bill for the seizure of large privately-owned housing units has also been put on ice.

In addition, rules concerning foreign exchange have been relaxed. Individuals and companies can now import as much currency as they wish and are allowed to export the same whenever needed.

Private foreign currency transactions can now take place without government intervention.

More significantly, orders have been issued for the gradual return of billion of Dollars' worth of

confiscated industrial and commercial properties.

A total of 60,000 people will be affected if the programme is fully implemented, though so far, according to official reports only 200 people have regained ownership of their confiscated factories and businesses.

But just recently, the Chief Revolutionary Prosecutor, Ayatollah Yuseff Sane'i, promised that "almost all" confiscated property will be returned.

A step in that direction is the decision to allow exile owners to regain "temporary posession" through lawyers representing them. Repossession could become permanent if the owners return home within the next twelve months.

The government has dispatched special teams to West Germany, France,

Britain, Italy and the United States to persuade exile businessmen and managers to return.

Ali Megdadi, a biscuit manufacturer who leads one of the teams visiting France, says that so far only 74 managers have returned. A further 128 promise they will "think about it", Megdadi reports.

"This is a good start", he insists. "I am sure others will return, as the current recession in the West has prevented them from doing anything useful in exile".

Megdadi is specially proud of the new Labour Code which effectively bans strikes and leaves the fixing of the wages to a committee of mullahs appointed by the government.

He estimates that the average Iranian worker's pay packet should remain constant next year, meaning "a real gain in productivity."

CSO: 4600/521

FINANCE MINISTER CALLS FOR 'DISCIPLINE, AUSTERITY MEASURES'

Colombo SUN in English 8 Mar 83 pp 1-2

[Article by Ranil Weerasinghe and Vajira Goonewardena]

[Text] Strict financial discipline, an intensive production and export drive and a call for a series of austerity measures are expected to be the overall theme for the 1983 Budget which will be presented by Finance Minister Ronnie de Mel in Parliament today.

Faced with a budget deficit of more than 28 billion rupees, the Minister of Finance will today be compelled to walk a tight-rope slung between the government's commitment to continue its growth, investment and employment rate through its policy of free market economy, and a desperate need to provide relief to the wage earner, control inflation and channel more assistance to the plantation and agricultural sectors.

Burdened by rapidly escalating prices sent soaring skywards by the depreciation of the rupee against the dollar, the imposition of higher business turnover tax (BTT) and import levies, and a fuel price hike, the public cannot be expected to take any more beatings. In fact the focus will be on a substantial salary increase to cushion the blows, as indicated in an increased vote to the Finance Ministry. The increase is expected to be calculated on the basis of Rs. 2 for every point by which the cost of living index rises.

Consequently, the slashing knives of the ministry planners are expected to be reversed with a view to pruning down government expenditure significantly along with an anti-waste and anti-corruption drive.

Emphasis is also expected to be laid on the implementation of a national energy policy with a view to conserving energy.

The total expenditure of 1983 is expected to be a record 49.5 billion rupees as against a revenue of 20.8 billion. This leaves the Finance Minister more than 28 billion to finance from foreign aid and through domestic borrowing.

A conservative estimate of foreign aid in the pipeline is 12.5 billion. Even with the six billion rupees expected from the captive domestic sources like the National Savings Bank, Insurance Corporation and the Provident Fund, the three billion rupees from increased BTT and import levies, along with the savings on fuel and other taxes added on, it would still leave the Finance Minister with an unfinanced deficit of more than six billion rupees.

Aware that resorting to borrowing from the Central Bank or printing currency notes to finance this gap would only send inflation soaring to dizzy heights, the Finance Minister is expected to wield his scalpel to slash government expenditure in order to bring the final deficit to less than two billion rupees.

In view of this he is also expected to call upon his Cabinet colleagues to enforce strict discipline and to adopt a series of austerity measures in order to keep the Budget on the right track.

The 1983 Budget will be indicative of the programme that the government is to follow over the next five years. Finance Minister Ronnie de Mel told 'SUN' in a pre-budget interview.

Should the government and the people have the political and administrative will to conform to the demands of this budget, he claimed, "we would within the next two years be able to come up with a viable budget."

"There is a vital need to reduce our expenditure and increase our revenue and it is left to be seen if we can gear our country to quick production and exports", he added.

Mr. de Mel will be compelled to make a break from tradition this morning, and miss the traditional breakfast with the head of the government, President J.R. Jayewardene, who is in New Delhi for the Nonaligned Summit.

He will however this morning brief his Cabinet colleagues on the highlights of the Budget which will be the first presented in the new Parliament at Kotte.

This afternoon, Minister de Mel will outline the priority areas to which assistance will be channelled with a view to hastening development.

Several areas such as the plantation sector, sugar and milk production have been identified along with agro-based industries as high priority areas for maximum incentives primarily for direct production.

This is being done in view of the fact that Sri Lanka which will receive less and less and in the future, will have to gear itself to living on its own resources, and by increasing domestic earnings.

While the budget deficit itself was indicative of strong aid mobilisation this is not expected to last. Hence the need to improve the balance of trade with increased production and export.

This, according to economic planners, would be the only way for Sri Lanka to consolidate all the gains that it had made to date.

CSO: 4600/434

END